

NEWS

What do we mean when we talk about poverty?

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Reality Check



When we talk about how many people are in poverty today in the UK, first we need to know how we define it.

Currently, when the government talks about poverty, they either use a measure of relative poverty - that is, how someone is doing financially compared with the rest of the country - or absolute poverty.

To establish whether someone is living in relative poverty, the government looks at the median income - that is the midpoint where half of the working population earn more than that amount and half earn less. Then they take 60% of this middle amount and anyone who earns less than this is considered to be living in relative poverty.

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At the moment, according to the Joseph Rowntree Foundation (JRF) charity, that's an income less than:

- £248 a week for a couple with no children
- £144 a week for a single person with no children
- £401 a week for a couple with two children aged between five and 14
- £297 a week for single parent with two children aged between five and 14

When government talks about absolute poverty, they do the same calculation but using the median income in 2010-11 to give a constant measure over time.

While relative poverty tells you about the gap between low and middle-income households, absolute poverty is a good measure of how much the living standards of low-income households have changed over time.

You can also look at these measures either before or after housing costs.

The JRF says it favours the relative measure after housing costs since rising rents and property prices are a growing contributor to poverty.

How good are these measures?

No single measure of poverty will give you all the information, but looking at these measures gives a pretty good picture of what's going on.

One problem with using relative income is that, in times of recession when lots of people's wages suffer, inequality may appear to improve as the poorest are protected through benefits and tax credits - but they are not actually any better off.

Absolute poverty tells you whether people are staying the same relative to other people or getting left even further behind.

But how people are faring compared to the society they live in is the internationally recognised standard of measuring poverty.

What's been happening to poverty?

Absolute poverty, both before and after housing costs, has halved over the past 20 years.

But while absolute poverty is falling, the reduction over the past 10 years was much smaller than it has been over comparable periods of time since the 1960s.

Relative poverty, meanwhile, has remained more or less stagnant - inequality is as bad as it was two decades ago.

'Normal life'

Loughborough University publishes a minimum income standard which it considers to be a good measure of how much money someone needs to participate in normal life in the UK.

While this is not a measure of poverty, it tries to capture changing social norms - for example internet access may previously have been a luxury, but now a school-age child living in a house without internet access could be significantly disadvantaged when it comes to completing homework.

In 2016, the university's Centre for Research in Social Policy said single people needed to earn at least £17,100 a year (£329 a week) before tax, and couples with two children at least £18,900 (£363 a week) each to achieve the minimum income standard.

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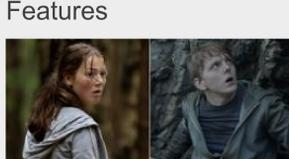
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