

HOW POOR

IS BRITAIN

NOW?

by

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Reuters/REUTERS - A row of piggy banks adorned with the colours of Britain's Union Jack flag are displayed in a souvenir shop in London in this March 24, 2010 file photo. Big companies in Britain now pay less tax than they did 12 years ago despite a big jump in profitability, a Reuters analysis of official data shows. Tax campaigners say the trend is the clearest signal yet that tax avoidance has blossomed under a more business-friendly strategy at the UK tax authority Her Majesty's Revenue and Customs.

Good news! Your chances of living in poverty in the UK have fallen in the last few years. But, oddly, that doesn't mean we have more money.

Sadly, across almost every measure, the number of Britons struggling has risen since the 2007 financial crisis (see chart below). More people are struggling to pay their mortgages, rents, meet debt payments, keep their homes warm, meet unexpected costs or even eat meat or protein regularly.

So why are people less likely to be in poverty? Well, that's because poverty is measured compared to everyone else, and everyone else has got poorer too.

"Someone is described as being at risk of poverty if their equivalised disposable income (after social transfers such as direct income support, child benefits, and non-contributory pensions) is below the poverty threshold. This threshold is 60% of national median equivalised disposable income," explained the Office for National Statistics (ONS).

"This type of relative indicator does not measure absolute wealth or poverty, but low income in comparison to other residents in that country, which in itself does not necessarily imply a low standard of living."

What does that mean in practice? Well, an annual income of £14,873 – or £286 a week – puts you "at risk of poverty", according to official figures.

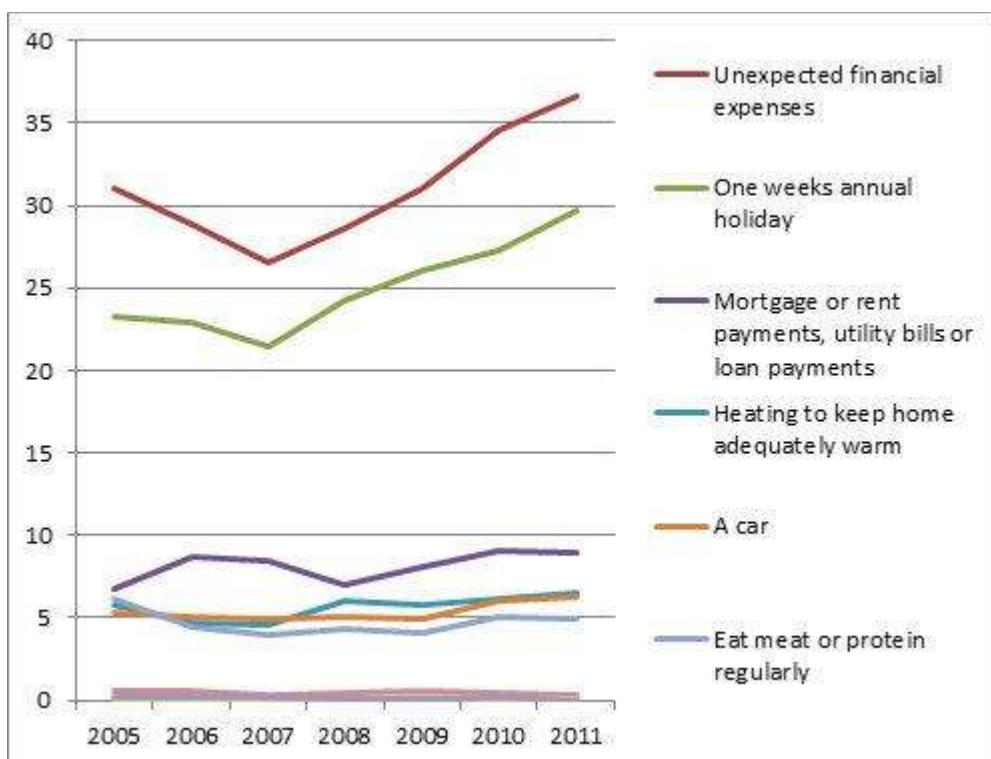
So how bad is it?

The ONS calculated that in 2011, the most recent period we have figures for, 14 million people were at risk of poverty or social exclusion in Britain. More than one person in 20 (5.1%) is now experiencing "severe material depression", the ONS reports.

There has been a 38% rise in the number of people unable to meet unexpected financial expenses since 2007, while the number of people unable to afford an annual holiday has increased by 39% in the same period.

The number of households with "low work intensity" – where adults work just a fifth of the time they could work – has also risen since 2007, up 12%.

Percentage of population unable to afford key items, UK 2005-2011



Source: Office for National Statistics

The good news

While things are a lot worse for many Britons compared with before the financial crisis, they are getting slightly better.

The biggest improvement was in the number of people with “low work intensity”, which is down 12% since 2010.

Overall the number of people at risk of poverty fell 5% between 2010 and 2011.

That means that for the first time since comparable records began, you are less at risk of poverty in the UK than in Europe on average.

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