

Paper 12

Poverty and inequality in the UK

Mission Committee

Basic information

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Action required	Decision.
Draft resolution(s)	Resolution 31 In response to the gospel call to challenge poverty and structures that cause marginalisation, General Assembly: <ul style="list-style-type: none">a. expresses its deep concern at the rising levels of poverty in the UK over the last 15 years, recognising that in a wealthy economy such as the UK, poverty is not inevitable but a result of political choices and systemic injusticesb. calls upon political leaders to make a commitment to work towards the eradication of structural poverty in the UK, and encourages churches and church members to raise these issues with candidates in the lead-up to the next General Electionc. asks the Mission and Ministries Committees and the Synods to reflect on how the Church could better demonstrate its commitment to people experiencing poverty and marginalisation in allocating resources for ministry and mission, and bring proposals, if appropriate, to a future General Assembly.

Summary of content

Subject and aim(s)	This report offers a summary of the current context of poverty and inequality in the UK to enable the Church to give a considered response.
Main points	In 2012, General Assembly received a substantial report entitled 'The social impact of poverty and inequality in the UK – a challenge to the Church' ¹ , and adopted a resolution ² setting

¹ This can be read on pages 204-213 of the Book of Reports for 2012: https://urc.org.uk/images/General-Assemblies/Archives/assembly_reports_12.pdf

² Resolution 28, found on page 22 of the Record of Assembly for 2012: <https://urc.org.uk/wp-content/uploads/2022/01/assembly-record-2012.pdf>

	<p>out various ways in which the Church would respond to that challenge and work to end inequality in our society.</p> <p>Over the decade since, there have been many significant changes in the nature and extent of inequality in Britain. Poverty has become deeper and more entrenched. The impact of austerity policies on public services and changes to the benefits system have reduced the support available to people on low incomes. The Covid-19 pandemic exacerbated financial inequalities and resulted in many poorer households building up debts. The cost of living crisis of the last 18 months means that many more people are affected by and aware of these issues.</p> <p>Levels of destitution, child poverty and poverty experienced by those in work, are all on the rise. We have witnessed the rapid growth in provision of food banks and now “warm spaces”, by churches and others, as the welfare system does not provide a sufficient social safety net.</p> <p>This report therefore seeks to provide an update to the 2012 report and offer an opportunity for General Assembly to reflect on these central gospel concerns in our current context and discuss the ways that the Church should respond.</p>
Previous relevant documents	‘The social impact of poverty and inequality in the UK – a challenge to the Church’, report to General Assembly, 2012.
Consultation has taken place with...	Joint Public Issues Team (JPIT), Development Worker (Church Related Community Work and Special Category Ministry), Secretary for Ministries.

Summary of impact

Financial	None directly.
External (eg ecumenical)	These are concerns shared by ecumenical partners particularly our JPIT partners, the Methodist Church and Baptist Union. Agreeing the resolutions would enable closer joint working on these issues.

1. Introduction

- 1.1 Rising living costs have had huge impacts across our society over the last 18 months, but the sharpest effects have been felt by the least well-off. The charity Action for Children recently reported that: “Frontline staff have told us that child poverty levels are at the worst they can remember.”³ In communities that have gone through a decade of austerity followed by a pandemic, who understand and are sadly acclimatised to deprivation, the sentiment that “this is the worst we have seen” is being repeated time and time again.
- 1.2 In a recent focus group held with people who experience poverty, the observation was made that they had been seen drops in their standards of living over many

³ Action for Children: <https://take.actionforchildren.org.uk/page/98558/petition>

years, having to make harder and harder decisions about what to cut out of budgets, but it only became labelled a cost of living crisis when “average” middle-income families began to feel the impact of price rises.

- 1.3 This report draws on analysis of public data, recent reports from charities, and evidence provided by a series of interviews, focus groups and conversations that the Joint Public Issues Team (JPIT) have held with church and community leaders to set the current crisis in context, and enable considered reflection on how the Church should respond.⁴

2. The changing nature of poverty since 2010

- 2.1 From 2010 to 2022, average household incomes rose slowly (from £28.1k to £32.3k for the median household)⁵. Average wealth per household rose markedly, largely due to rises in the values of property, stocks and shares (from £250k to over £300k for the median household, in real terms). However, while the average and higher income family saw increases in income and wealth, the story for those with lower incomes was very different. The poorest fifth of households saw a drop in their incomes by over 4% in real terms between 2010/11 and 2021/22. By the spring of 2020, around 14.6 million people (22% of the population) were experiencing poverty, up from 13.1 million (21% of the population) in 2010.⁶
- 2.2 In 2019, around 9% of this number were pensioners, the majority were adults of working age, and a third of those in poverty were children (meaning 3 in 10 children in the UK were growing up in poverty). If we break down the figures by other characteristics, we build up an even clearer picture of the face of poverty. You are much more likely to be on a low income if you are from an ethnic minority, if you have a disability, or if you are a single parent.
- 2.3 Poverty has also become deeper, with the numbers in destitution – the deepest form of poverty which had been believed to be virtually eliminated in the UK – rising past 1.5 million in 2015, to 2.5 million in 2020.⁷ Deeper poverty became harder to escape, with 13% of the population experiencing persistent poverty.
- 2.4 It is important to recognise that this is not about unemployment, which has fallen significantly. More hours are being worked. Families are having to work harder, yet are remaining in poverty.
- 2.5 This is partly as a result of changes to the benefits system. During the 2010s there were large cuts to welfare benefits, largely through changes in who was able to claim, and freezing of benefit levels in cash terms, thus allowing inflation to erode their value. The remaining money in the benefit system was rebalanced to favour those in work. This, alongside a steadily increasing minimum wage, meant that poverty for single people in work reduced, while for those unable to work full time, or families with children, poverty increased markedly.

⁴ The first part of this report draws extensively on JPIT briefings on the cost of living crisis: <https://jpit.uk/economy/the-cost-of-living-crisis>

⁵ Office for National Statistics:

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/financialyearending2022>

⁶ This report uses the international standard definition of poverty which is “a household income that is 60% or less of the average (median) societal [in this case British] household income”.

⁷ Joseph Rowntree Foundation: <https://www.jrf.org.uk/report/destitution-uk>

2.6 Local authorities also faced huge cuts over this period, with overall spending falling by 23% per person. Changes to the funding formula increased the importance of an area's demographics, especially old age, and reduced the importance of economic factors. This meant that the cuts were focused on the least well-off parts of the country. In England the most deprived areas averaged 31% in funding cuts, whereas the wealthiest areas saw cuts of "only" 16%.⁸

3. Effects of the pandemic

3.1 The effects of the Covid-19 pandemic were felt across the population, but it had a particular effect on those in poverty. Outside of residential care settings, people on low incomes experienced the worst health outcomes as a result of Covid-19. They also experienced the most severe financial pressures.

3.2 Those on low incomes were most likely to lose their job altogether, most likely to be furloughed, and least likely to have their furlough pay topped-up. Low-income families also faced increasing costs – as strategies that they had previously used to make their budgets work were not easily available during lockdowns.⁹

3.3 For the families who entered the pandemic just about managing, increased costs and lower incomes gave people no choice but to borrow, often by delaying paying bills. Between April 2020 and September 2021, the number of people reporting difficulty paying bills doubled to 15 million, with 4 million needing to borrow to cover basic bills.¹⁰

4. Cost of living crisis

4.1 Since early 2022, the cost of living has been rising for everyone, but has risen fastest for the least well-off. The effective inflation rate for the poorest families is conservatively estimated at 12.5% for the year to April 2023. The major driver of inflation is increasing household energy costs, accompanied by large rises in food prices. The poorest families by necessity spend a much greater proportion of their income on food and fuel than the average family, which is why the inflation rate for the poorest is higher.

4.2 Analysis undertaken by Prof Donald Hirsch, published by the Joint Public Issues Team last autumn,¹¹ highlighted that an average family of four receiving benefits, even taking into account additional payments and energy price caps, will be around £1,400 worse off this year than last. As around half of adults receiving Universal Credit regularly skip meals because they cannot afford them,¹² this is having an extremely serious impact.

4.3 As a result, many people have faced awful choices. The cliché is the choice between heating or eating. It is a cliché because it so common that it now often

⁸ Institute for Fiscal Studies, 'The outlook for councils' funding: is austerity over?', 2019

⁹ Joint Public Issues Team, *Reset the Debt*, 2021: <https://jpit.uk/reset-the-debt>

¹⁰ StepChange, *Credit Safety Net*, 2022: <https://www.stepchange.org/policy-and-research/credit-safety-net.aspx>

¹¹ Professor Donald Hirsch, 'Enough to get through the winter', analysis published by the Joint Public Issues Team, 21 September 2022. Source: <https://jpit.uk/wp-content/uploads/2022/09/September-2022-DH-Report.pdf>

¹² Food Foundation, 2022-23: <https://foodfoundation.org.uk/initiatives/food-insecurity-tracking#tabs/Round-12>

goes unremarked upon. One woman who joined a focus group had difficulty talking, and it transpired her choice was between food for the family and dental treatment. Prioritising her children meant weeks of toothache. Stories of families moving lightbulbs from room to room – not just to save on buying more bulbs but to ensure that electricity was not wasted – are no longer rare. The seeming abstract percentages of inflation rates very quickly translate into stories of real struggles in families where budgets are tight.

5. Charities are providing a safety net

5.1 The increasing financial challenges faced by many people have translated directly into a greater demand for charitable help. This is starkly illustrated by the growth in foodbanks since the early 2010s. In 2022-23, the Trussell Trust distributed almost 3 million food parcels, more than ever before.

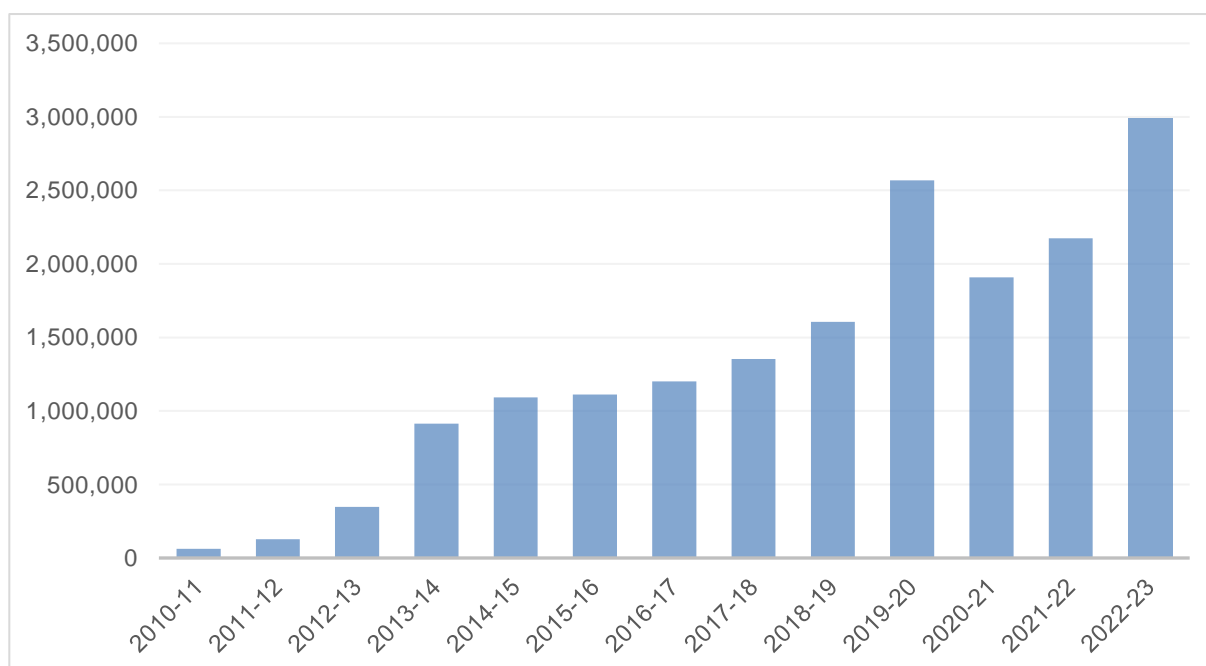


Chart: Trussell Trust food parcels delivered each year, 2010-2023. Trussell represents around half of foodbanks in the UK, and there are thousands of other emergency food aid providers, including soup kitchens and social supermarkets. Source: <https://www.trusselltrust.org/news-and-blog/latest-stats/>

5.2 Community and charity provision has increasingly become an essential part of the social safety net. Thousands of warm spaces were opened in the winter of 2022-23. Debt charities, such as Christians Against Poverty and StepChange, are responding to a surge in people needing advice.

5.3 While the perseverance and energy that has been shown is extraordinary, it cannot be relied upon indefinitely. A recent report from Theos concluded that: “The collective impact of household insecurity is beginning to show in whole communities. It is no longer a crisis only of individual circumstances, but a systemic problem, reflected in the fraying fabric of civil society and faith groups. These institutions form a vital part of the safety net offering security and material support to millions of people, but are themselves becoming less secure.”¹³

¹³ Theos, *A Torn Safety Net: How the cost of living crisis threatens its own last line of defence* (November 2022): <https://www.theosthinktank.co.uk/cmsfiles/Insecurity-report-v4-combined.pdf>

6. Outlook

- 6.1 Looking ahead, the Office for Budget Responsibility forecast in March 2023 that real household disposable income per person, a measure of living standards, will fall by a cumulative 5.7% over 2022/23 and 2023/24. This would be the largest two-year fall since records began in the 1950s.¹⁴ A recovery to pre-pandemic living standards is not expected for a number of years. However, in a highly unequal economy such as the UK's, averages often disguise important information. In this case, this includes the fact that those with the lowest incomes are expected to see a longer and deeper impact on their standard of living than the average family, while the wealthiest 10% are expected to see their overall disposable income increase, driven by higher interest rates generating greater investment income.
- 6.2 Without a significant shift in political will to tackle these issues, poverty looks set to be increasingly entrenched in British society in a structural way, and a generation will grow up experiencing sustained and chronic economic insecurity.
- 6.3 It is important that this begins with listening to the experiences of those living in poverty. The experts in poverty are those who live that life. Making ends meet with very little money requires knowledge, skills and ingenuity most do not possess. Any solution to poverty must start with knowledge and expertise only these experts have.

7. Our theology calls us to action

- 7.1 The 2012 report to General Assembly on poverty in the UK offered a review of theological considerations about injustice, poverty and inequality. It concluded that: "biblical economic values demand nothing less than the economic well-being for all, and especially for the vulnerable and marginalised in our society."
- 7.2 It also affirmed that: "The URC continues to view justice to the poor as a core part of Christian mission... while poverty is often hidden and misunderstood, it continues to prevent many from fulfilling the potential that God has given them. As Christians we are called to stand beside those in poverty as well as challenge the structures which allow poverty to persist."
- 7.3 We believe the Church now needs to respond to this call with greater urgency and visibility.

8. How should the Church respond?

- 8.1 Nationally and locally, the United Reformed Church is already actively involved in responding to poverty in multiple ways, from pastoral care to advocacy to provision of social and community services.

Mission and ministry among people experiencing poverty and marginalisation

Many local, flourishing churches are involved in partnerships and campaigns to alleviate poverty and are involved in organising practical examples and signs of hope and inclusivity. Three-quarters of URCs host or support a food bank, and a significant number host warm spaces, debt counselling centres, and other community projects. The Theos report commissioned as part of the Church Life

¹⁴ House of Commons Library, 'Poverty in the UK: Statistics', 6 April 2023, p. 14
<https://researchbriefings.files.parliament.uk/documents/SN07096/SN07096.pdf>

Review highlighted that the URC's Church-Related Community Workers offer a distinctive form of ministry and service among people experiencing marginalisation in different ways, although this is currently a very small programme.

There is potential for the Church to do much more to demonstrate its commitment to this gospel priority. The Life on the Breadline project, a recent major study of the nature, reach and impact of Christian responses to contemporary poverty, recommended that churches engage more deeply with the call to “transform structural injustice” and “translate verbal commitments to God’s Preferential Option for the Poor into an ecumenical programme of action for systemic change.”¹⁵ A recent Church Action on Poverty report¹⁶ highlighted the high rate of church closures in low-income areas over the last decade, and while it noted that the URC was alone among mainstream denominations in closing more churches in more affluent areas, the story is nonetheless one of withdrawal. It challenges the Churches to more intentionally listen and collaborate with those “on the margins”, and commit resources to ministry and mission in areas of deprivation.

For instance, for over 15 years the Church of Scotland has had a Priority Areas programme,¹⁷ which dedicates additional support to churches serving the most deprived communities; and over the last three years the Methodist Church has invested in a ‘Church at the Margins’ initiative,¹⁸ which aims to nurture and build new Christian communities amongst economically marginalised people.

As the Church Life Review process seeks to encourage flourishing, and release and redirect resources around the Church, it seems timely to begin a joined-up conversation about how the Church could better demonstrate its commitment to people experiencing poverty and marginalisation in allocating resources for ministry and mission.

Advocacy, campaigning and public witness

Through the Joint Public Issues Team, the URC nationally has been involved in producing various reports, briefings and campaigns around poverty in the UK over the last few years. Most recently, the Church has added its support to the joint call spearheaded by former prime minister, Gordon Brown, for the government to provide people on low incomes with ‘Enough to Live’¹⁹ during the cost of living crisis, and to the ‘Guarantee Our Essentials’ campaign,²⁰ which is asking the government to ensure the basic rate of Universal Credit should be calculated to at least cover the cost of essentials like food, household bills and travel costs.

¹⁵ *Life on the Breadline: Christianity, Poverty and Politics in the 21st Century City – a report for Church Leaders in the UK*, 2022: <https://breadlineresearch.coventry.ac.uk/wp-content/uploads/2022/02/Life-on-the-Breadline-Church-Leaders-Report-2022.pdf>

¹⁶ Church Action on Poverty, *Church on the Margins: Is the Church losing faith in low-income communities in Greater Manchester?*, February 2023: <https://www.church-poverty.org.uk/news-release-poor-communities-hit-hardest-by-church-closures-study-finds%ef%bf%bc/>

¹⁷ See <https://www.churchofscotland.org.uk/connect/priority-areas>

¹⁸ See <https://www.methodist.org.uk/our-work/our-work-in-britain/evangelism-growth/discover-church-at-the-margins/>

¹⁹ Joint Public Issues Team: <https://jpit.uk/enoughtolive>

²⁰ Joseph Rowntree Foundation, <https://www.jrf.org.uk/report/guarantee-our-essentials>

Work is now underway, led by the Churches but drawing in organisations from across civil society, to develop a major campaign which aims to use the lead-up to the next general election to move poverty up the political agenda, and build the political will to end structural poverty in the UK. Structural poverty is poverty that exists because of decisions made by employers, institutions and government about how wealth should be distributed in society. This campaign will be rooted in and informed by lived experience, and seek to strengthen the long term movement for the ending of poverty in the UK.

We believe it is once again a moment for the Church to raise its prophetic voice – on this issue, call for action, and stand, like Jesus, in solidarity with members of our communities who experience poverty and marginalisation.