



Tightening the screw

Policy paper on the underlying trends in benefits and household budgets since 2015



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April 2020

Introduction

The trends we present in this paper highlight some of the underlying reasons behind the alarming growth in the numbers of people seeking help from food banks. First, we demonstrate how the ability of Britain's poorest households to afford a basic minimum food budget has been stretched to breaking point over the past five years. Second, we identify those immediate triggers within the benefits system which, against the backdrop of these longer-term trends, leave people hungry and unable to afford food. We are grateful to the House of Commons Library for providing the data, and an accompanying analysis of the Joseph Rowntree Foundation's Minimum Income Standard for food budgets¹, which underpin this paper.

Summary

Since 2015, the proportion of a single adult's core benefit income required to meet the costs of a basic minimum food budget has increased by nine percentage points; from 59%, to 68%. Likewise, the proportion of core benefit income required to meet these costs, amongst lone parents with one child aged under the age of one, has increased by seven percentage points; from 34%, to 41%. Amongst couples with two children, this increase amounted to one percentage point; from 39%, to 40%.

Looking across all single-adult households, it is the poorest who have suffered the largest increase, of 3.8 percentage points, in the costs of a basic minimum food budget as a proportion of their overall income. The mean population increase was one sixth of this figure (0.6 percentage points). Meanwhile, amongst couples with two children, it is the very poorest group who have suffered an increase while all others have seen a decrease. Indeed, living in poverty often results in families having to buy goods and services through the most expensive means, and increasingly not having their rent paid in full.

Against the backdrop of these trends, 1,996,000 households making a new claim for Universal Credit, between December 2018 and November 2019, required an advance payment on their claim, to tide them over the minimum waiting period of five weeks before they were paid. Sums were then deducted from their monthly subsistence payments to repay that advance – in one month alone, a total of £50 million was clawed back for this purpose, with an additional £44 million deducted to repay historic overpayments and other debts. For more than half of households whose claims are subject to a deduction, between 20% and 30% of their standard Universal Credit allowance is clawed back by the Government. We need a cessation of these hostilities against people moving onto Universal Credit, at least for the duration of the COVID-19 pandemic.

79,702 households making a new claim for Universal Credit, between April and July 2019, did not receive their full payment after five weeks. They accounted for one in seven new claims made within that period. Within this group, one in four households with limited capability for work, and two in five households seeking help towards childcare costs, did not receive their full payment on time.

The cash freeze on working-age benefits and the minimum waiting period of five weeks for Universal Credit have been intertwined with the stubbornly high levels of need for food banks. Following a decade of caps and freezes, benefits will now be uprated in line with inflation. Yet the five-week wait for Universal Credit, and the state-sponsored debt this entails, remains intact. A full reversal of the caps and freezes, and the prompt payment of Universal Credit without enforcing debt onto people whose food budgets are already at breaking point, would begin immediately to shorten the queues for food banks.

¹ The Minimum Income Standard is defined as the income that people need in order to reach a minimum socially acceptable standard of living in the United Kingdom. It is calculated by specifying baskets of goods and services required by different types of household in order to meet these needs and to participate in society. Food budgets are adjusted by nutritionists.

Food budgets and core benefit income

Table 1 highlights the year-on-year erosion of food budgets amongst households who are now most likely to be referred to food banks.

Table 1: Comparison of Minimum Income Standard food budgets with core benefit income for different workless family types

Year	Single adult, working age			Lone parent, one child aged 0-1			Couple, 2 children (2-4 & primary school age)		
	MIS food budget (a)	Core benefit income (b)	(a) as percent of (b)	MIS food budget (a)	Core benefit income (b)	(a) as percent of (b)	MIS food budget (a)	Core benefit income (b)	(a) as percent of (b)
	£pw	£pw	%	£pw	£pw	%	£pw	£pw	%
2015	43.38	73.10	59%	53.73	157.57	34%	103.25	266.33	39%
2016	44.72	73.10	61%	56.85	157.57	36%	100.96	266.33	38%
2017	45.59	73.10	62%	57.95	147.12	39%	102.92	266.33	39%
2018	49.29	73.10	67%	59.71	147.12	41%	105.71	266.33	40%
2019	49.64	73.10	68%	60.03	147.12	41%	106.32	266.33	40%

Notes

(a) Weekly Minimum Income Standard budget for food, as determined by the JRF Minimum Income Standard for the UK. Budgets are periodically rebased (devised from scratch) which can result in large differences from one year to the next. Rebased figures are indicated in darker green in the table.

(b) Income from the following benefits: JSA/Income Support Personal allowance, Child Tax credits, Child Benefit. All adults aged 25 or over.

Food budgets and household income

Table 2 focuses on the food budgets of the largest group of people who are referred to food banks, namely single adults, while Table 3 demonstrates how, amongst couples with two children, it is the very poorest alone who have seen the cost of a basic minimum food budget increase as a proportion of their income.

Table 2: Minimum income standards food budget as a percentage of income

Single adult, working age, 2017/18 prices

	Decile 1	Decile 2	Decile 3	Decile 4	Decile 5	Decile 6	Decile 7	Decile 8	Decile 9	Decile 10	Population median	Population mean
2014/15	34.3%	23.5%	19.6%	17.0%	14.8%	12.9%	11.2%	9.7%	8.0%	5.5%	13.8%	11.3%
2015/16	34.8%	23.9%	19.8%	17.1%	14.9%	13.0%	11.3%	9.6%	8.0%	5.5%	13.9%	11.3%
2016/17	35.7%	23.3%	19.4%	16.8%	14.6%	12.7%	11.1%	9.6%	8.0%	5.6%	13.6%	11.3%
2017/18	38.1%	25.1%	20.5%	17.7%	15.3%	13.5%	11.7%	10.1%	8.4%	5.9%	14.3%	11.9%
Percentage point increase between 2014/15 and 2017/18	3.8%	1.6%	0.9%	0.7%	0.5%	0.6%	0.5%	0.4%	0.4%	0.4%	0.5%	0.6%

Table 3: Minimum income standards food budget as a percentage of income

Average 2017/18 prices, Budget for a couple with 2 children, one under 4 and one 4-11, Equivalised income for a couple with 2 children under 14

	Decile 1	Decile 2	Decile 3	Decile 4	Decile 5	Decile 6	Decile 7	Decile 8	Decile 9	Decile 10	Population median	Population mean
2014/15	39.0%	26.7%	22.3%	19.4%	16.8%	14.8%	12.8%	11.0%	9.1%	6.3%	15.7%	12.8%
2015/16	37.6%	25.8%	21.4%	18.5%	16.1%	14.0%	12.2%	10.4%	8.7%	5.9%	15.0%	12.2%
2016/17	38.5%	25.1%	21.0%	18.1%	15.8%	13.7%	12.0%	10.4%	8.6%	6.0%	14.7%	12.2%
2017/18	39.1%	25.7%	21.1%	18.1%	15.7%	13.8%	12.0%	10.4%	8.6%	6.0%	14.7%	12.2%
Percentage point increase between 2014/15 and 2017/18	0.1%	-1.0%	-1.2%	-1.3%	-1.1%	-1.0%	-0.8%	-0.6%	-0.5%	-0.3%	-1.0%	-0.6%

Universal Credit timeliness

Table 4 demonstrates how households seeking help towards their childcare costs, and others with limited capability for work, are particularly likely not to receive their first Universal Credit payment on time.

Table 4: New claims on Universal Credit, by entitlement type and timeliness of first payment

Great Britain

	Number of households				Percentage of households			
	April 2019	May 2019	June 2019	July 2019	April 2019	May 2019	June 2019	July 2019
All new claims: total	136,432	121,660	146,057	137,521	100.0%	100.0%	100.0%	100.0%
<i>of which:</i> Full payment on time	110,297	102,894	127,175	121,606	80.8%	84.6%	87.1%	88.4%
Some payment on time	10,654	7,540	7,860	6,137	7.8%	6.2%	5.4%	4.5%
No payment on time	15,479	11,231	11,022	9,779	11.3%	9.2%	7.5%	7.1%
<i>of which: new claims on UC which have:</i>								
Child entitlement	57,755	52,314	62,956	57,920	100.0%	100.0%	100.0%	100.0%
<i>of which:</i> Full payment on time	43,892	42,954	53,614	50,141	76.0%	82.1%	85.2%	86.6%
Some payment on time	6,861	4,741	4,921	3,960	11.9%	9.1%	7.8%	6.8%
No payment on time	7,000	4,619	4,422	3,814	12.1%	8.8%	7.0%	6.6%
Childcare entitlement	2,622	2,522	2,845	2,451	100.0%	100.0%	100.0%	100.0%
<i>of which:</i> Full payment on time	1,343	1,516	1,838	1,707	51.1%	60.2%	64.6%	69.5%
Some payment on time	880	750	807	583	33.5%	29.8%	28.4%	23.7%
No payment on time	405	253	199	165	15.4%	10.0%	7.0%	6.7%
Housing entitlement	74,003	65,615	78,342	71,572	100.0%	100.0%	100.0%	100.0%
<i>of which:</i> Full payment on time	56,904	53,584	66,319	61,661	76.9%	81.7%	84.7%	86.1%
Some payment on time	8,778	6,208	6,470	5,090	11.9%	9.5%	8.3%	7.1%
No payment on time	8,321	5,820	5,551	4,827	11.2%	8.9%	7.1%	6.7%
Limited Capability for Work	5,119	4,630	5,556	5,019	100.0%	100.0%	100.0%	100.0%
<i>of which:</i> Full payment on time	3,462	3,425	4,258	4,004	67.6%	73.8%	76.7%	79.8%
Some payment on time	1,143	791	856	651	22.3%	17.1%	15.4%	13.0%
No payment on time	513	422	440	364	10.0%	9.1%	7.9%	7.3%