

Family of four 'need £36k for decent standard of living' ^[1]

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EXCERPTS:

A couple with two children needs to earn £36,800 to have an acceptable standard of living, a third more than before the recession, according to a report published by the Joseph Rowntree Foundation.

In a review of minimum income standards, the foundation said soaring childcare and transport costs have combined with cuts to tax credits to hit families hardest. It estimates that households need to spend £455 a week on essentials - a third higher than in 2008, and twice the rate of inflation. One in four families in the UK now lack a decent standard of living, the report adds.

The foundation said its research was the first detailed assessment of the baseline level of living standards since the economic slump that began in 2008.

It found childcare was now a family's biggest weekly outgoing. In 2008, childminders outside London charged £2.70 an hour on average; now they charge £3.50. With the cost of bus travel doubling compared with the cost of owning and running a car, families said that having a car was now essential in urban areas outside London.

These rising costs come as government cuts deeply into the subsidies paid to modern middle-class Britain. While the coalition has sought to soften cuts in tax credits with higher personal allowances, the effect is to take £1,000 out of families' pockets.

Julia Unwin, the foundation's chief executive, said: "Families have a monumental task trying to earn enough to get by. Parents facing low wages and pressure on their working time have little prospect of finding the extra money they need to meet growing household expenses."

The foundation calculates that a single working age person needs £16,400 a year - equating to an hourly pay of £8.38 - to be able to participate in society. A jobless person would be short by £108 every week of this "minimum".

"This year's research shows that a dangerous cocktail of service cuts and stagnating incomes are being keenly felt by parents. Many working people face the risk of sliding into poverty. It illustrates how anti-poverty measures are needed to address not just people's incomes but also the costs that they face."

For the poorest in society, the news is particularly bad. The gap between the national minimum wage and the salary needed to reach the minimum standards has widened dramatically for families with children in the past two years. Parents needed to earn an hourly rate 30% higher than the minimum wage in 2010. This year the gap is 55%.

As incomes fall but expectations do not, the report reveals a picture of "austerity Britain" where increasing numbers are being left behind. The research has found that a quarter of the UK's population live below the minimum income standard - 3 million more than in 2008.

People are reacting to harder times by spending less on presents at Christmas and birthdays and "buying expensive items such as bikes and games consoles second-hand".

The JRF found that size matters. For households with three or more children, a tumble dryer was now considered a "need to have" rather than a "nice to have".

Since 2010 the JRF study has found all working-age households needed to be able to have a computer in the home and connect to the internet. But today the researchers found if there were two school-age children in the home, then a family would need two computers.

Oxfam's director of UK poverty, Chris Johnes, said: "We could see a generation of families that have to go without essentials. The government need to take action to protect the poorest families by reversing cuts to working tax credits and increasing the minimum wage. Work should always pay enough for families to be able afford to have a decent quality of life."

A government spokesperson said: "We have had to make tough choices to repair the country's finances and return the economy to growth, but this government is committed to helping the most vulnerable in society. By next year, we will have taken 2 million of the lowest earners out of paying tax altogether by increasing the personal tax threshold. We are also introducing universal credit from 2013, which will simplify the system and ensure that work pays.

"It's vital that we give young children the best start in life, and that is why we are rolling out free early education, backed by more than £1bn, to help children and their parents. We recognise that childcare costs are an issue and that is why the prime minister launched a commission into this matter which will report back in the autumn."

-reprinted from the Guardian

Region: Europe ^[2]

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