

Local economies losing £4.5 million a year to the poverty premium

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New research has revealed for the first time the economic impact of the poverty premium at a local level across Britain.

The poverty premium is the extra costs people on low incomes and in poverty pay for essential products and services. Examples include using pre-payment meters for gas and electricity, paying more for home and car insurance due to where you live, and using high interest loans and credit cards.

The [report](#), led by Fair By Design and the University of Bristol, shows that one in eight households experience at least one type of poverty premium. This costs each parliamentary constituency £4.5 million per year. Equating to a total loss of £2.8 billion from the national economy.

Other key findings include:

- On average the poverty premium costs £430 per year for a low-income household
- Each British constituency loses £4.5 million a year to the poverty premium
- The North East of England has the highest proportion (14.7%) of households incurring the poverty premium.

The North East of England has the highest proportion of households incurring the poverty premium (14.7%), followed by the North West (13.4%), Yorkshire and the Humber (13.4%), London (13.1%) and Wales (13.1%). The South East of England has the lowest proportion of households experiencing the poverty premium (11%).

A [map](#) has been created to show how much the poverty premium costs constituencies across Britain.

Principal investigator Sara Davies, Senior Research Fellow at the university's Personal Finance Research Center, said: "This research makes it easy to identify where the local focus of poverty premium elimination should be. By addressing these issues, millions of pounds

could remain within local economies. This money could be spent locally, creating extra jobs and growing local businesses. Or it would ease [financial difficulties](#) for low-income households in the area and reduce the burden on local services."

As families across Britain struggle with the cost of living crisis, taking action to end the poverty premium has never been more urgent. Government intervention to eliminate the poverty premium would put on average £430 back into the pockets of over 3.5 million low-income households without requiring any additional funding from the Treasury.

Martin Coppack, Director, Fair By Design, said: "As families across Britain struggle with the sharp rise in the cost of living, taking action to end the poverty premium has never been more important. Tackling the [poverty](#) premium is an easy way for the government to put money back into people's pockets and it wouldn't require any additional money from the Treasury.

"People shouldn't have to pay more for life's essentials because they are on a low income. Industry, government and regulators need to come together to make sure everyone can access the products and services they need at a price that is fair."

Provided by University of Bristol

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