



THE FUTURE WE WANT: THE POVERTY PREMIUM



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WHAT'S HAPPENING NOW?

It shouldn't cost more to be poor. But for so many people it does, for those who live in low-income postcodes the cost of basic goods and services is higher. This is called the Poverty Premium. Consumers in this postcode can't access the best deals, the cheapest rates on essential services like utilities and insurance and good like food.

A 2016 report by the University of Bristol revealed that the poverty premium paid by low-income families is, on average, £490 per year – enough for a family holiday, children's clothes and shoes, or keeping a house warm in winter. According to Joseph Rowntree Foundation research, 21% of the UK's population lives in low-income households.

There are a number of campaigns from charities and more significantly a number of organisations proposing that social investment is the answer... not giving more to charities but investing in businesses with a purpose driven model to grow businesses that challenge the big players and give better deals to those on low incomes.

SUGGESTED READING

- [The Poverty Premium. 'When households pay more for essential goods and services', University of Bristol](#)
- [Fair By Design](#)
- [The New Poverty, Stephen Armstrong](#)

QUESTIONS TO ASK YOURSELF ABOUT THIS SUBJECT

1. Always ask – why does the current system work as it does. In whose interest is it operating.
2. Also ask that of new innovations and disruptions. Is the growth of social investment an unmitigated good or may it be problematic.
3. When you read language about 'the poor' does that language blame them and say, 'if they worked harder, were cleverer and more motivated they could do better'... does this sometimes make the problem worse.

WHO TO FOLLOW ON THIS SUBJECT TO LEARN MORE:

[@FairByDesign](#)

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HOW WOULD YOU APPROACH WRITING ABOUT THIS?

I would always start with the 'five whys'. This is a simple tool to work out why things work the way they do. Start with a simple assumption such as "It costs more to buy gas and electricity in a low-income community" then ask 'why'? Perhaps it's because residents work part time, have a low income or have got into debt? Pick a possible answer and ask why again. Why are they working part time, why do they have a low income, why are they in debt?

Ask WHY five times and you may get to the real underlying answer.