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POOR HOUSEHOLD FINANCES RISK CHOKING OFF RECOVERY

Britain's households continue to feel the financial strain and are anxious about their jobs, according to new polling from independent think tank the Resolution Foundation.

The research, carried out by respected polling firm Ipsos MORI, finds that:

- Fewer than half (48%) of people in low-to-middle income households have cash left over at the end of each month
- Fewer than three in ten (27%) in low-to-middle income households make monthly savings

The poll also reveals high levels of anxiety about job security – just two in five (41%) of those currently in work said they felt secure in their job; and for part timers this dropped to 33%.

The news comes after last week's gloomy unemployment figures and latest statistics showing the proportion of household income that is saved is falling across the UK. A quarter of those polled expect their financial situation to get worse over the next 12 months.

This adds to growing evidence that the poor state of household finances risks choking off the economic recovery. Living standards for many were already flat-lining prior to the recession but real household disposable incomes are now falling. Low household spending, which makes up around two thirds of UK GDP, is continuing to dampen economic growth.

Gavin Kelly, Chief Executive of the Resolution Foundation said:

'Working people in low to middle income households continue to be squeezed from all angles. Everyone is saying that households need to save more and run down their debt - but this new poll shows just how hard that will be. Families simply cannot afford to put money aside. This is a worrying picture both for the financial security of Britain's households and for the economy'.

Notes to editors

1. Polling of 1980 British adults carried out face to face by Ipsos MORI during 1-7 July 2011. Data are weighted to the national profile.
2. The polling showed that fewer than half (48%) of people in low to middle income households have cash left over at the end of the month, compared to 66% of higher income households. Fewer than 3 in 10 (27%) people in low to middle income households reported making regular monthly savings, compared to 47% of higher income households. 42% of full time workers and 33% of part time workers said they felt secure in their jobs (41% for all workers) . A quarter (25%) of all those polled expect their financial situation to get worse over the next 12 months.
3. Low to middle income households are defined at those with incomes below the UK median - but excluding those with household incomes equivalent to the bottom 10% of working age households - and adjusted for household size. This equates to a gross household income of £12-30k for a couple with no children, £24-42k for a couple with 2 children and £30-48k for a couple with 3 children. Polling figures by household income exclude those who declined to state an income.
4. The UK Household savings ratio – the proportion of household income that is saved – fell to 4.6% in Q1 2011 from 5.1% in Q4 2010 (5.3% for 2010 overall); Office for National Statistics.
5. The Resolution Foundation is an independent think tank working to improve the lives of people on low to middle incomes. This covers 11 million adults in 6 million households in the UK
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