Good Things Foundation

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WPI | ECONOMICS

Exploring the relationship between deep poverty and digital exclusion

December 2024

Summary

Trussell Trust and Good Things Foundation commissioned WPI Economics to review the evidence base on the links between digital exclusion and deep poverty in the UK.[1]

Through an audit of 15 datasets, desk research, and expert interviews, WPI Economics asked:

- How, if at all, does digital exclusion drive people deeper into poverty, or trap people in deep poverty?

- What role does digital exclusion play in cutting off access to services, support, or opportunities to get on in life?

- What evidence gaps exist, and how might these be filled?

- What do existing trends tell us about how this issue might develop in the future?

Definitions

Deep poverty was defined using the Social Metrics Commission's definition of individuals and families living 50% or more below the poverty line.[2]

Digital exclusion was defined with regard to affordability, access (devices, data), internet usage, digital skills and abilities, and motivation.[3]

What the data tells us

The review found that digital exclusion is clearly related to income poverty and to risk factors of income poverty.

- **2022**: Fabian Society analysis of Ofcom data found that households with very low incomes (under £11,500 per year) were twice as likely to be without internet access.[4]

- **2023**: Trussell Trust's Hunger in the UK survey found that having no access at all to the internet was more prevalent amongst food bank users, at 16%, than the general population; 44% of those without any internet access and referred to food banks were severely socially isolated.[5]

- **2024**: Minimum Digital Living Standard Survey of Households with Children found strong correlations between households below the publicly-defined benchmark (a holistic household measure of access and skills) and factors widely associated with child poverty.[6]

[1] WPI Economics for Trussell Trust and Good Things Foundation (2024) Exploring the relationship between deep poverty and digital exclusion in the UK https://www.goodthingsfoundation.org/policy-and-research/research-and-evidence/research-2024/deep-poverty-and-digital-exclusion
[2] Social Metrics Commission (2024) Measuring Poverty 2024
[3] House of Lords Communications and Digital Committee (2023) Digital exclusion and the cost of living
[4] Fabian Society (2022) Bridging the divide: tackling digital inequality in a post-pandemic world
[5] Trussell Trust (2023) Hunger in the UK 2023
[6] Minimum Digital Living Standard (2024) A Minimum Digital Living Standard for Households with Children: Overall Findings

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Digital Exclusion and Deep Poverty in Numbers

DIGITAL EXCLUSION

1.6 million people are offline (4% of the population)[7]

2 million+ households struggle to afford broadband[8]

DEEP POVERTY AND DIGITAL EXCLUSION

Adults with very low incomes (<£11,500) more than twice as likely not to have home broadband[9]

16% of people using food banks have no internet access[10]

DEEP POVERTY

4.1 million people experience deep poverty[11]

(6% of the population and 26% of those in poverty)

The main predictors of being below the Minimum Digital Living Standard for households with children are all associated with poverty: living in an area of deprivation; being a household in social grades C2DE; lone parent household; household with more than two children; household led by someone with non-white ethnicity, and/or a health impacting condition, and/or out of work, and/or receiving at least one low income-related state benefit.

[7]Lloyds Bank (2024) 2024 UK Consumer Digital Index. See: https://www.lloydsbank.com/assets/media/pdfs/banking_with_us/whats-happening/lb-consumer-digital-index-2024-report.pdf
[8]Ofcom (2024) Communications Affordability Tracker. See: https://www.ofcom.org.uk/phones-and-broadband/saving-money/affordability-tracker
[9]Fabian Society (2022) Bridging the divide: tackling digital inequality in a post-pandemic world. See: https://fabians.org.uk/wp-content/uploads/2022/04/Bridging-the-Divide-web-file-Fabian-Society.pdf
[10]Trussell Trust (2023) Hunger in the UK 2023. See: https://www.trusselltrust.org/wp-content/uploads/sites/2/2023/08/2023-The-Trussell-Trust-Hunger-in-the-UK-report-web-updated-10Aug23.pdf
[11]Social Metrics Commission (2024) Measuring Poverty 2024. See: https://socialmetricscommission.org.uk/wp-content/uploads/2024/11/SMC-2024-Report-Web-Hi-Res.pdf

How digital exclusion impacts deep poverty

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Everyday access to the digital world is now the passport to essential services – from paying rent to finding a home, from getting a job to claiming Universal Credit. Digitalisation has transformed how we access school, employment, health care, banks, and information. Many forms of financial support (statutory and discretionary) are now digital-first.

Digitalisation brings significant benefits to many, but it also carries major risks to individuals and households who face one or more digital exclusion barriers. For example:

- People receiving Universal Credit may not always be able to afford a device or connectivity, putting them - and their children - at risk of sanctions, and of deep poverty;[12]

- Universal Credit claimants were six times more likely to have stopped spending on broadband altogether in the last twelve months than those not in receipt of Universal Credit;[13]

- Many people who can't afford to be online face a 'poverty premium' for goods and services;[14]

- People with the least digital capabilities are nine times more likely to struggle immediately following a financial shock than those with the highest digital capabilities (27% vs. 3%).[15]

IMPACTS OF DIGITAL EXCLUSION

Income	Goods and Services	Housing
90% of jobs are only advertised on the internet.[18]	Household with lower incomes spent about £478[20] a year more on mobile and broadband than those with higher incomes.	Estate agents advertise rental properties online, and require applications to be made via online portals.
16% of all DWP customers and 36% of pension credit customers reported being currently offline.[19]	People with lowest digital capability are over 6 times more likely to struggle immediately following a financial shock.[21]	Applying for a council or housing association property is primarily done online and can be difficult on some devices.

Of the 4.1 million people living in deep poverty, 57% are living in persistent poverty (defined as a person or household currently living in poverty and having also lived in poverty for two of the last three years). This means 2.2 million people are living in both deep and persistent poverty.[16] Those most likely to experience persistent and deep poverty are people who are either unemployed or work part-time, and also parents – lone parents and couples with children.

Other groups likely to be at risk of deep poverty and digital exclusion are people seeking asylum, Roma, Traveller and Gypsy groups; people experiencing homelessness, or those with no recourse to public funds.[17]

[12] Child Poverty Action Group (2023) You reap what you code: Universal credit, digitalisation and the rule of law
[13] Citizens Advice (2023) One million lose broadband access as cost-of-living crisis bites
[14] Centre for Social Justice (2023) Left Out: How to tackle digital exclusion and reduce the poverty premium
[15] Lloyds Bank (2024)
[16] Social Metrics Commission (2024) Measuring Poverty 2024
[17] Good Things Foundation (2024 updated) Mitigating risks of digital exclusion in health systems
[18] House of Lords Communications and Digital Committee (2023) Digital exclusion and the cost of living. See: https://committees.parliament.uk/publications/40662/documents/198365/default/
[19] DWP & Government Social Research (2024) Digital Skills, Channel Preferences and Access Needs of DWP Customers. See: https://assets.publishing.service.gov.uk/media/65eee72a3649a23451ed6335/digital-skills-dwp-customers-10-benefits.pdf
[20] Massimo Ragnedda, Maria Laura Ruiu and Felice Addeo (2022) The self-reinforcing effect of digital and social exclusion: The inequality loop. See: https://www.sciencedirect.com/science/article/pii/S0736585322000855
[21] Citizens Advice (2023) One million lose broadband access as cost-of-living crisis bites. See: https://www.citizensadvice.org.uk/about-us/media-centre/press-releases/one-million-lose-broadband-access-as-cost-of-living-crisis-bites/

Impacts beyond income

For children, digital exclusion risks leading to worse educational outcomes, which in turn will increase their risks of living in poverty in adulthood.

"Without access to laptops, tablets, printers and the data and knowledge to use them, children can quickly fall behind with their work and the gap between what they and their peers can achieve grows ever wider... We must recognise that access to the internet is now an essential, not a luxury"

Source: APLE Collective (2023) Digital Divide Briefing Paper

Digital exclusion also impacts social isolation. Trussell Trust's Hunger in the UK survey found that 44% of people without any internet access, and referred to food banks, reported being severely socially isolated.[22] Carnegie UK Trust research on digital and social participation found that 41% of people without internet access took part in none or only one 'Active Living' activity (sports, cultural, voluntary) compared to only 11% who had internet access; this was the biggest divergence among variables analysed.[23]

"Not having the internet affects me enormously; from not being able to apply for jobs, to my social life and my mental health, because I feel very isolated"
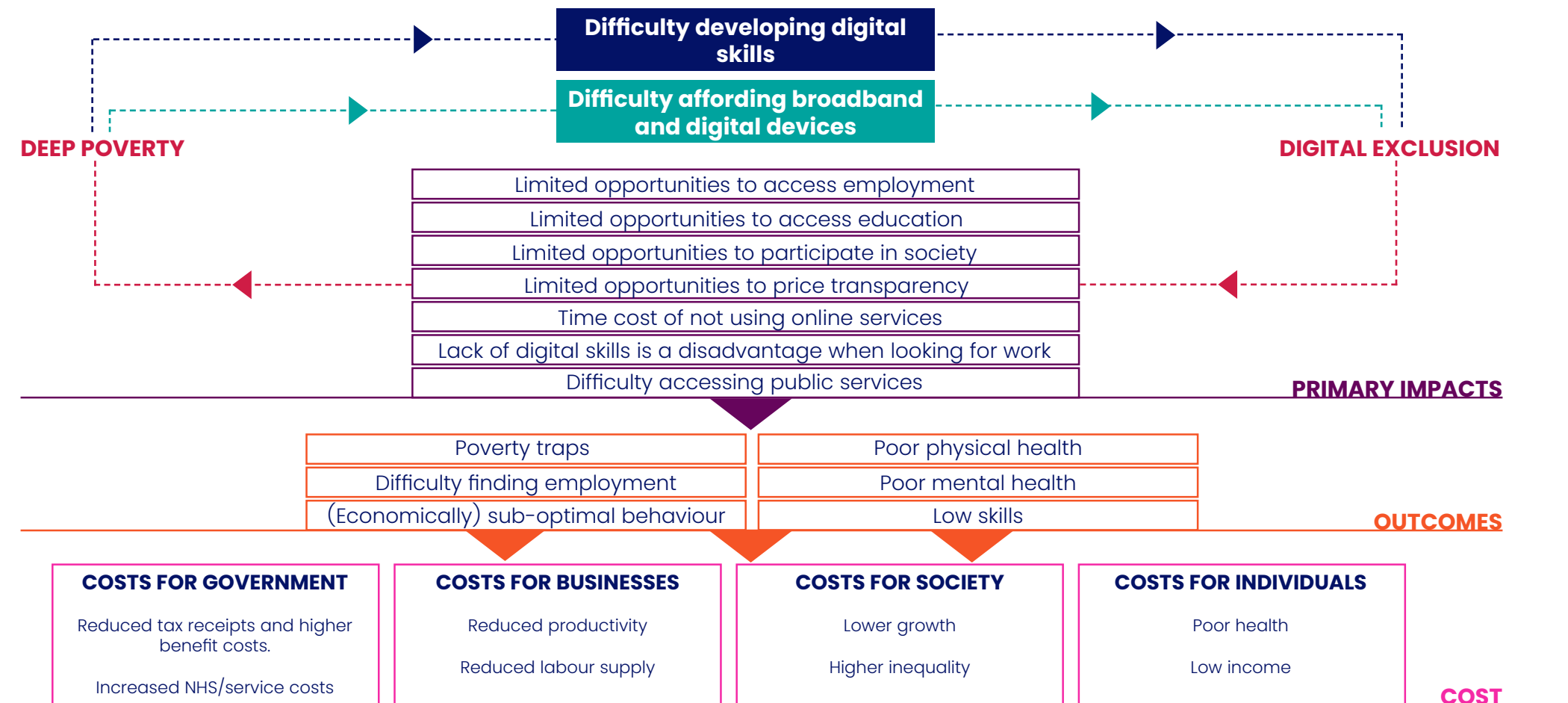
Source: Citizens Advice (2023)

[22] Trussell Trust (2023) Hunger in the UK 2023
[23] Carnegie UK (2016) The role of digital exclusion in social exclusion

Visualising the link between deep poverty and digital exclusion

Drawing on the evidence, WPI Economics developed an initial map summarising the relational impacts, outcomes, and costs of digital exclusion and deep poverty. This can be developed through future work, and for different excluded groups (although there are unlikely to be material differences).

DEEP POVERTY

DIGITAL EXCLUSION

Difficulty developing digital skills

Difficulty affording broadband and digital devices

Limited opportunities to access employment

Limited opportunities to access education

Limited opportunities to participate in society

Limited opportunities to price transparency

Time cost of not using online services

Lack of digital skills is a disadvantage when looking for work

Difficulty accessing public services

PRIMARY IMPACTS

Poverty traps

Difficulty finding employment

(Economically) sub-optimal behaviour

Poor physical health

Poor mental health

Low skills

OUTCOMES

COSTS FOR GOVERNMENT

Reduced tax receipts and higher benefit costs.

Increased NHS/service costs

COSTS FOR BUSINESSES

Reduced productivity

Reduced labour supply

COSTS FOR SOCIETY

Lower growth

Higher inequality

COSTS FOR INDIVIDUALS

Poor health

Low income

COST

[24] WPI Economics for Trussell Trust and Good Things Foundation (2024) Exploring the relationship between deep poverty and digital exclusion in the UK. https://www.goodthingsfoundation.org/policy-and-research/research-and-evidence/research-2024/deep-poverty-and-digital-exclusion

What the data doesn't tell us

In deep poverty literature, digital exclusion is rarely considered as a dimension of significant analysis.[25]

In digital exclusion literature, there is a lack of robust estimates for how many digitally excluded people live in poverty, and in deep poverty.

While large-scale household surveys provide significant sample sizes and in-depth income information, they lack well-designed, consistent questions on digital exclusion and inclusion. Datasets which give rich insight into digital exclusion and inclusion either lack robust information on income and/or the smaller sample sizes make it difficult to look at intersectionality.

While all the evidence points to overlaps between deep poverty and digital exclusion, a lack of quantitative and qualitative data makes it challenging to determine if any relationship exists.

Initial implications for research

There is clear scope to build better data – quantitative and qualitative – on the relationship between digital exclusion and deep poverty, and how this can be addressed through policy and service provision.

The below are a series of starting points for improving data:

- Agree a core set of digital inclusion questions focusing on affordable access and skills
- Build on 'Understanding Society', which offers the most balanced range of questions
- Add an additional module of questions on digital inclusion to the Trussell Trust Hunger in the UK survey
- Improve income questions in any future Minimum Digital Living Standard surveys
- Focus research on the building blocks of digital exclusion, how digital exclusion exacerbates experiences of poverty, and how digital access and skills enables people to exit deep poverty.

Initial implications for policy

Existing evidence, and experience from communities, points to the need for policy makers to recognise that:

- Income poverty increases digital exclusion; and
- Digital exclusion increases people's risks of living in deep poverty and in persistent poverty;

To address this, policy makers should:

- Focus on the primary impacts of digital exclusion on people's experiences of deep poverty when designing policy and interventions (e.g. access to housing, health, school, work); and
- Embed digital inclusion in policies and interventions intended to reduce child poverty and poverty; reduce the educational attainment gap; remove barriers to opportunities and work; build financial resilience; and ensure adults of all ages can get support they are entitled to.

[25] Joseph Rowntree Foundation (2023) Destitution in the UK 2023

For more information

Email: research@goodthingsfoundation.org
Email: enquiries@trussell.org.uk
Email: info@wpieconomics.com

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