



MEASURING
POVERTY

MEASURING POVERTY 2020

A report of the Social Metrics Commission

Chaired by **Philippa Stroud**, CEO of the Legatum Institute

JULY 2020



ABOUT THE SOCIAL METRICS COMMISSION

The Social Metrics Commission was formed in 2016 and is led by the Legatum Institute's CEO, Baroness Stroud. It is an independent and rigorously non-partisan organisation dedicated to helping policymakers and the public understand and take action to tackle poverty. Since its inception, its ultimate goal has been to develop new poverty metrics for the UK which have both long-term political support and effectively identify those who are in poverty. By doing so, it is hoped that Government and others will be better able to develop interventions that reduce the number of people experiencing poverty and improve outcomes for those people who do experience it.

The Commission would like to thank both the Legatum Institute for hosting the Commission and making available the resources of its Centre for Metrics, and the Legatum Foundation for their significant support of this work. This report would not have been possible without that support, and the research, editorial and functional independence that has underpinned the Commission's work.

SUPPORTERS OF THE COMMISSION

The Social Metrics Commission would like to thank the following organisations and people for their generous support for the work of developing new poverty metrics for the UK.

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- Joseph Rowntree Foundation;
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- Stuart Roden.

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Thanks also go to the Commissioners for their continued support and to Matthew Oakley, Emily Harris, Jessica van Wijgerden and Jo Nussbaum who have played a central part in creating this year's report.

ABOUT THE LEGATUM INSTITUTE

As CEO of the Legatum Institute, Baroness Stroud is proud to Chair the Social Metrics Commission and for the Legatum Institute to host the Commission and contribute to the vital work that has been undertaken. The Legatum Institute is a London-based think-tank with a bold vision to create a global movement of people committed to creating the pathways from poverty to prosperity and the transformation of society.

We seek to fulfil our mission by raising up leaders of character, restoring an ethical vitality to all sectors of society, and developing the practical solutions and data tools that will help build inclusive and peaceful societies with open economies and empowered people.

Learn more about the Legatum Institute at www.li.com

CONTACTING US AND CONTRIBUTING

We welcome discussion on the issues raised in this report and would appreciate constructive feedback and comment on our approach. To contact the Commission's secretariat, please use the following email address:

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FOREWORD



The Social Metrics Commission's 2020 report on poverty in the UK is being published amidst the most significant health, social and economic crisis of modern times. When Commissioners first gathered in 2016 to begin to develop a new measure of poverty, we could never have anticipated that our third annual report would be released at such a time. However, the need for robust and agreed poverty measures and the Commission's work is arguably greater than ever.

When I launched the Commission four years ago, I wanted our work to both improve the understanding of poverty in the UK and provide the evidence that policymakers need to make the right decisions to tackle poverty. Perhaps most importantly, I wanted the Commission to develop a measure that could form the basis of a new consensus on poverty measurement in the UK. Only with that consensus would we be able to move on from a decade of damaging debate that has distracted focus away from the vital action needed to drive better outcomes for the most disadvantaged in society. A new consensus would also support the development of a clear anti-poverty strategy within Government and make it easier for others to hold the Government to account for delivering the action needed to tackle poverty. Before the coronavirus pandemic began, we were close to delivering that goal.

We were overwhelmed by the support our work had received, including from the Work and Pensions Select Committee, academics, experts, parliamentarians and charities supporting those in poverty. Most importantly, the Department for Work and Pensions had begun to develop Experimental Statistics (the first step towards National Statistics) based on the Commission's approach. Whilst it is right that this work has paused as the Government looks to ensure the safety net is providing the support needed by those individuals and their families whose health and livelihoods have been impacted by the virus, the need to return to it is clear.

As the UK emerges from the restrictions that have caused the economy to contract, the understanding that the Commission's approach provides will be vital to the responses that follow. For example, the Commission's previous reports and the new insights in this one show that rising employment rates for those in poverty over the last 20 years had helped more families move closer to the poverty line and made them more likely to be able to escape poverty in future. A reversal of this employment success story could have profound effects on the experiences of those in poverty, meaning that supporting employment must remain a key priority of the Government.

More broadly, the results within this report will act as the baseline against which the impact of the coronavirus crisis can be judged. In this respect they show that, even before the crisis, there were significant disparities in experiences for individuals and families right across the UK.

Of course, we know that one of these disparities is about the extent to which families are able to make ends meet. Some 4.5 million people, or 7% of all people in the UK, live in families that are more than 50% below the poverty line. This compares to 2.8 million people (5%) in 2000/01, meaning that deep poverty is an issue that has worsened over the last two decades. This means that 1.3 million more people are in deep poverty today than would have been the case if the rate of

deep poverty was still the same as in 2000/01. Adding to these concerning figures is the fact that, of those currently in deep poverty, 2.4 million are also in persistent poverty; meaning that they have also been in poverty for at least two of the last three years.

We also know that some individuals and families are much more likely to be in poverty. Half (50%) of all people in poverty live in a family that includes a disabled person. Of these, 4 million are themselves disabled and another 3.2 million live in a family that includes someone else who is disabled.

Existing data on the varying impacts of the coronavirus, and protests over the recent weeks, have both shown the importance of having data that can shine a light on the situation of people of different ethnic backgrounds in the UK. Our data shows that the largest proportion of those in poverty (75%, equating to 10.7 million people) are in families with a head of household who is White. However, we find that the rate of poverty is much higher for Black and Minority Ethnic families. Nearly half (46%, equating to 900 000 people) of all people living in families where the household head is Black/African/Caribbean/Black British are in poverty, compared to just under one in five (19%) of those living in families where the head of household is White. People in Black and Minority Ethnic families are also between two and three times more likely to be in persistent poverty than people in White families.

Concerningly, our initial work with YouGov for this report also shows that many of the individuals, families and communities already experiencing poverty are those that are being hit hardest by the current crisis. For example, the pandemic has negatively impacted on the employment situation (with people either losing their jobs, seeing reduced hours or wages and / or being furloughed) of 65% of those who were employed prior to the Covid-19 crisis and in deep poverty, compared to 35% of those who were employed and more than 20% above the poverty line prior to the crisis.

These results are hardly surprising given what we know from looking more broadly across the Commission's poverty measurement framework. Here, we see that those in poverty had the lowest financial resilience before the economic crisis. For example, before the crisis hit, nearly three in ten (27%) people in poverty were in families that were behind paying the bills and seven in ten (70%) of those in poverty were in families where no one saves.

These results are, of course, hugely concerning. This is true in terms of both the long-term disparities in outcomes that have persisted in the UK for at least the last 20 years, and the potential impacts of the pandemic. However, it is not all bad news. Our results from before the crisis show that rising poverty trends for pension-age adults and children had stopped in the most recent data and, since 2000/01, poverty rates have fallen for a number of groups, including lone-parent families. Some of the resilience gaps that families in poverty face compared to those not in poverty had also been closing.

Together, what this underlines is the fact that poverty can be tackled and reduced and that measuring poverty is essential in guiding the action needed to improve the lives of those currently experiencing poverty or who, without action, would otherwise be in poverty in future. The Commission's work is only the start of what needs to happen. We hope that others, including the ONS, Government, charities, researchers, and statistical and economic organisations, will take on the work we have begun to ensure that the Commission's measurement framework can be fully implemented and used to guide policy. This will be especially important as the country emerges

from the coronavirus pandemic and starts to rebuild the economy, but also over the longer-term, to ensure that as many people as possible can enjoy a life free of poverty. Without this, a large part of society risks being left further behind without the support that they need to improve their lives.

Ultimately, this is how I will judge the success of the Commission's work. My goal as Chair of the Commission is still to provide the evidence base needed to create a society with the enabling environment, support, and opportunities that people need to be able to succeed in their journey out of poverty. We all have a role to play and the results in this report show how far we have to go and the huge challenges that the current situation presents. Where there are obstacles we need to ensure that these are removed by those for whom it is in their power to do so, and where individuals can build their own pathway out of poverty we need to ensure that they have the tools to do so. That is why the response to the findings in this report must be a partnership between those in poverty, and business leaders, policymakers, community builders, and everyone across the UK. Together, we can ensure that poverty is less of an issue in the UK after the coronavirus crisis, than it was before.



Baroness Philippa Stroud
CEO of the Legatum Institute

COVID-19 AND THE COMMISSION'S 2020 REPORT

This report uses the most recent data availableⁱ to provide a comprehensive account of poverty based on the Social Metrics Commission's (SMC) framework for measuring poverty. Whilst this is the most up-to-date data available, it was collected between April 2018 and March 2019. Since then, the country and indeed the world has experienced one of the most significant health, social and economic crises seen for generations; closer to home, the Covid-19 crisis has impacted on individuals, families and neighbourhoods right across the UK. The full scale of the economic and social impacts of this crisis are yet to be felt and cannot yet be measured. What we do know from existing analysis, including original analysis in this report, is that the impact is likely to be profound. This report provides a detailed overview of the extent and nature of poverty in the UK pre Covid-19 and, as such, can provide a baseline in which the impacts of Covid-19 on poverty can be judged in future years.

To support this analysis the Commission has also worked with YouGov to conduct original research with close to 80,000 people polled during March and May 2020 from across Great Britain. This asked them how the Covid-19 crisis has impacted on their financial situation, their attitudes towards society and experiences of loneliness and the extent to which they are confident about the future. The Commission will be publishing full results from this work in a report in the coming weeks. Before then, initial results presented in this report show some concerning trends.ⁱⁱ

In particular, figure 1 shows how those employed prior to the Covid-19 crisis have fared since then in terms of their employment and earnings. It splits the population based on their pre-Covid-19 household income, between those:

- In deep poverty (more than 50% below the poverty line);
- In poverty and less than 50% below the poverty line;
- Just above (within 20%) the poverty line; and
- More than 20% above the poverty line.

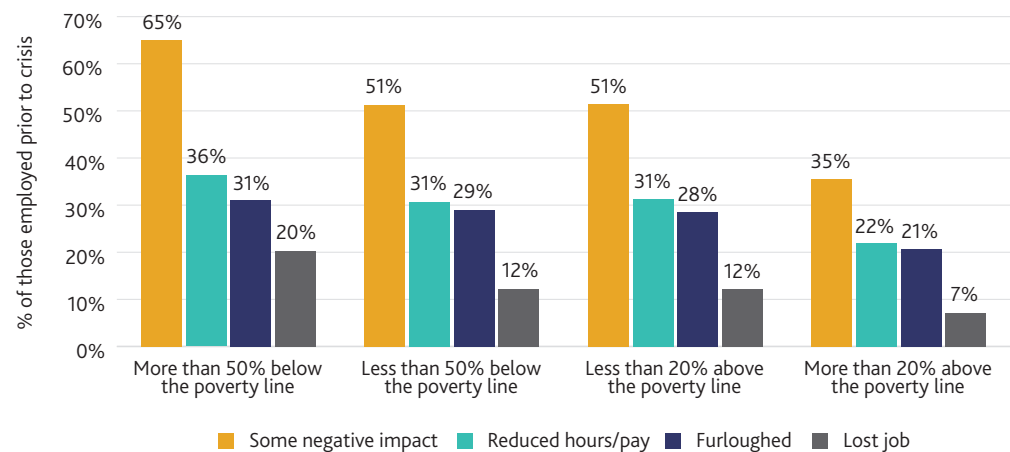
It clearly shows that the largest employment impacts have been felt by those in the deepest levels of poverty. Overall, nearly two in three (65%) of those employed prior to the Covid-19 crisis who were in deep poverty, have experienced some kind of *negative labour change (reduced hours or earnings and / or been furloughed or lost their job)*. This compares to one in three (35%) of those who were employed and more than 20% above the poverty line prior to the Covid-19 crisis.

Looking in more detail at the specific changes in circumstances shows that 20% of those who were previously employed and in deep poverty reported to have *lost their jobs*, compared to 12% of those who are either just above the poverty line or in poverty and within 50% of the poverty line. A far lower proportion (7%) of those who were previously employed and more than 20% above the poverty line report to have lost their jobs.ⁱⁱⁱ

Alongside the impacts on employment, those in poverty or close to the poverty line who have remained employed have also been more likely to be *furloughed and / or to have seen their hours or wages cut* in response to the Covid-19 crisis. For example, a third or more of those in deep poverty (36%), within 50% below the poverty line (31%) and within 20% above the poverty line (31%) say that they have had their hours or pay reduced as a result of the Covid-19 crisis. For those more than 20% above the poverty line, the figure is 22%.

Overall, this means that more than a quarter (26%) of all of those in deep poverty (regardless of their labour market status prior to Covid-19) have experienced a negative change in their employment status or earnings. This compares to one in five of those within 50% below the poverty line (21%), within 20% above the poverty line (22%) and more than 20% above the poverty line (22%).

Figure 1: Employment and pay impacts for those employed prior to the Covid-19 crisis, by poverty status



Source: YouGov, SMC analysis.

Notes: Due to data constraints, the analysis uses 60% of median equivalised household (before housing costs) income as the poverty line. Base: all employed prior to Covid-19 crisis (43,668 across all categories).

The implications of these results need to be viewed in the context of the findings later in this report, which show that, over the last 20 years, the incidence of deep poverty has been rising and that increasing employment has likely supported families to move closer towards or above the poverty line. Combined with the results of this polling (which suggests larger increases in unemployment and a higher incidence of pay cuts for those below the median), this suggests that, even with the significant support provided through temporary increases in the generosity of the social security system and the Government’s Coronavirus Job Retention Scheme, under the Commission’s measure of poverty:

- Many of those already in poverty could move deeper into poverty as a result of losing their jobs, or having lower earnings because of reduced hours or pay. This would exacerbate the already increasing trend in deep poverty seen over the last 20 years.
- Those previously close to, but above, the poverty line could move into poverty by their changing employment status. This could result in a significant increase in poverty.

If this were the case, both the incidence and severity of poverty could increase. This clearly highlights the importance of measuring, tracking and reporting on poverty as, without this, it will be impossible to fully understand the economic impacts of the Covid-19 crisis and how policymakers should respond.

EXECUTIVE SUMMARY

OVERVIEW OF THE COMMISSION'S POVERTY MEASURE

The SMC was founded in 2016 to develop a new approach to poverty measurement. In response to the fact that the UK no longer had an official measure of poverty for children, adults or pensioners, its ambition was to develop metrics that both better reflected the nature and experiences of poverty that different families in the UK have, and which could be used to build a consensus around poverty measurement and action in the UK.

Following two and half years of work, the Commission published its first report in September 2018. This articulated how the approach to poverty measurement could be improved in the UK and elsewhere. The Commission's measure included improvements in three key areas:

1. Identifying those least able to make ends meet. The Commission's measure:
 - Accounted for all material resources, not just incomes. For instance, this meant including an assessment of the available liquid assets that families have;
 - Accounted for the inescapable costs that some families face, which make them more likely than others to experience poverty. These include the extra costs of disability, costs of childcare and rental and mortgage costs; and
 - Broadened the approach of poverty measurement to include an assessment of overcrowding in housing and those sleeping rough.
2. Providing a better understanding of the nature of poverty, by presenting detailed analysis of poverty depth and persistence for those in poverty; and
3. Providing an assessment of Lived Experience Indicators that shine a light on the differences in experiences of those living in poverty and those above the poverty line.

The Commission's 2018 report was the first time this framework had been used to present a detailed articulation of the nature of poverty in the UK. By design, the Commission's findings suggested that the same number of people were in poverty in the UK as previously thought. However, within this overall population, the Commission's results suggested significant changes to the groups identified as being in poverty and shed greater light on the depth, persistence and Lived Experiences of poverty.

PROGRESS TOWARDS AN EXPERIMENTAL STATISTIC

Since its 2018 report, the Commission has continued to build support for its approach to poverty measurement, including from the Work and Pension's Select Committee, who recommended that the Government adopt the Commission's approach as its "...official, central measure of poverty".^{iv} Most importantly, the Government has committed to developing an experimental statistic based on the Commission's measurement framework. As highlighted by the Minister for Family Support, Housing and Child Maintenance:^v

"Tackling poverty is a priority for this government. We welcome the work the Social Metrics Commission has done to find new ways to understand the lives and experiences of those who are in poverty... the Social Metrics Commission makes a compelling case for why we should also look at poverty more broadly to give a more detailed picture of who is poor, their experience of poverty and their future chances of remaining in, or entering, poverty. We look forward to exploring the merits of developing a new measure with them and other experts in this field. In the long run this could help us target support more effectively."

Since the Government's announcement in 2019, we have continued to support the Department for Work and Pensions' work to develop the Experimental Statistics. We have also undertaken new analysis and published a significant report laying out a framework for how more accurate equivalisation scales could be developed in the UK, and elsewhere.

WHAT NEXT?

Measuring poverty is essential if action is going to be taken to improve the lives of those currently living in, or at risk of falling into, poverty. It is also essential to ensuring that those individuals, families, communities and areas of the UK that have historically been left behind are supported to improve their situation. As the full extent of the Covid-19 crisis unfolds, measuring poverty will also be central to ensuring that the long-term economic and social impacts of the crisis are tackled. To that end, the Commission believes that, with existing data and research, the approach it has developed represents the most accurate measure of poverty, which is also most likely to build consensus and drive action on poverty.

However, the Commission also recognises that creating a new measure of poverty is only the start of what needs to happen. We will continue to support the efforts to develop a new Experimental Statistic based on the Commission's approach as well as shining a light on areas that still warrant further exploration. The Commission has already outlined the steps needed to develop a new approach to equivalisation in the UK, and will continue to argue for improved survey and administrative data (including on debt and the costs of social care). It will also work to support the development of a more comprehensive approach to capturing the extra costs of disability.

In taking this work forward, the Commission will work with the widest range of stakeholders possible to ensure that, once fully developed, the Experimental Statistic can form the basis of a consensus view on poverty measurement across the Government, the Opposition, the ONS, policymakers and those researching and working with people in poverty. Without this, a large part of society risks being left further behind without the support that they need to improve their lives.

KEY MESSAGES:

Based on the Commission's approach to measuring poverty, this report shows that:

- **Poverty in the UK remains a significant issue.** 14.4 million people in the UK are living in families in poverty. 4.5 million are children (33% of all children), 8.5 million are working-age adults (22% of all working-age adults) and 1.3 million are pension-age adults (11% of all pension-age adults).
- **Overall rates of poverty have changed relatively little since the millennium.** The current rate of poverty is 22%, which is the same as last year and only slightly lower than the 23% seen in 2000/01 (the first available year of results using the Commission's approach).
- **Poverty rates for a number of groups have fallen since 2000/01.** Poverty rates for people in lone-parent families have fallen from 62% to 48% and for pension-age adults from 18% to 11%. And while recent years had shown rates for some groups begin to rise again, this year's data shows this trend plateau or reverse.
- **The older you are, the less likely you are to be in poverty.** 33% of children aged four and under are in poverty, compared to 23% of those aged between 40 and 44 and 10% of those aged 75 and over.
- **Deep poverty has increased in the last two decades.** 4.5 million people (7% of the population) in the UK now live in the deepest form of poverty (more than 50% below the poverty line), compared to 2.8 million people (5% of the population) in 2000/01.
- **This means that the incidence of deep poverty has increased** and that 1.3 million more people experience deep poverty today than would have been the case had the incidence of deep poverty still been at the level seen in 2000/01.
- **Persistent poverty is largely unchanged.** 7.1 million people (11% of the population) in the UK live in persistent poverty, meaning that they are in poverty today and were also in poverty for at least two of the last three years.
- **Poverty rates vary significantly between English regions.** They are highest in London (29%), North East (26%), Yorkshire and Humber (24%) and the West Midlands (24%). Regions with the lowest rates are the South West, South East, and East of England (18%) and the East Midlands (19%).
- **Poverty rates vary less across the UK's four nations.** The highest rates are in Wales (23%) and the lowest in Scotland (19%).

The nature of poverty

- Three in ten people (31%) in poverty are in deep poverty and, of these, just over half (55%) are in persistent poverty.
- Within the 14.4 million people in poverty in the UK:
 - 2.4 million people are in deep and persistent poverty.
 - 1.9 million people are in deep poverty (non-persistent).
 - 4.7 million people are less than 50% below the poverty line and in persistent poverty.
 - 5.1 million people are less than 50% below the poverty line and in poverty (non-persistent).
- **Families in poverty who work less than full time are more likely to experience deep and persistent poverty.** Half of people (50%) in poverty in workless families are in either deep and persistent poverty (29%) or deep poverty (non-persistent) (21%). More than four in ten (43%) people in part-time work families are in deep and persistent poverty (23%) or deep poverty (non-persistent) (20%). This contrasts with those in poverty in full-time work families where 9% of those in poverty are in deep and persistent poverty and 10% of those in poverty are in deep poverty (non-persistent).

Characteristics of those in poverty

- **Half (50%) of all people in poverty live in a family that includes a disabled person.** 4 million people in poverty are themselves disabled and another 3.2 million live in a family that includes someone else who is disabled.
- **Poverty rates are highest amongst families with children.** The poverty rate for people living in couple families without children is 11% (1.4 million people). This compares to 26% (5.9 million people) for people in couple families with children and 48% (2.4 million people) for those in lone-parent families.
- **Poverty rates are higher for Black and Minority Ethnic families.** Nearly half (46%, 900,000 people) of all people living in families where the household head is Black/African/Caribbean/Black British were in poverty, compared to just under one in five (19%, 10.7 million people) of those living in families where the head of household is White.
- **People in Black and Minority Ethnic families are between two and three times as likely to be in persistent poverty than people in White families.** For example, three in ten people (28%) living in families with a head of household that is from a mixed or multiple ethnic background, are in persistent poverty, compared to 10% of those living in families with a White head of household. However, 80% of those in persistent poverty live in families with a head of household who is White.

- **Families with more work are less likely to be in poverty.** Less than one in ten (9%) of those living in full-time work families are in poverty. Nearly six in ten (57%) of people in families working part time, are in poverty and nearly seven in ten (68%) of those in workless families are in poverty.
- **Experiences also vary by family type**, with 28% of people in lone-parent families in full-time work being in poverty, compared to 12% of those living in full-time working couple families with children.
- **Nearly two thirds (63%) of people in poverty live in a family where someone works at least part time.** As employment levels have increased over the last twenty years, the proportion of people in poverty that live in families where someone works has increased (from 45% in 2000/01 to 63% now). Whilst these working families are in poverty, they are likely to be in shallower and less persistent poverty than would have been the case if they were workless.

The Commission's Lived Experience Indicators show that those in poverty experience worse outcomes than those not in poverty.

- **One in five people (20%) in poverty lives in families where no one has any formal qualifications**, compared to less than one in ten (8%) of those in families not in poverty.
- **Nearly three in ten people (27%) in poverty live in a family that is behind with paying bills**, compared to less than one in ten (7%) of those not in poverty. The majority of people in poverty (70%) live in families where no one saves. For those not in poverty, this stands at 38%.

Some improvements in recent years

- **Recent years have seen a closing of the gap between those in poverty and those not in poverty for some of the Lived Experience Indicators.** Fewer people in poverty are living in families where someone feels unsafe walking alone at night (down by six percentage points since 2011/12) or where someone worries about being affected by crime (down four percentage points since 2011/12).
- **The proportion of people in poverty who live either in lone-parent or single pensioner families has fallen.** For example, since 2000/01 the proportion of people in poverty who live in lone-parent families has fallen by seven percentage points.

INTRODUCTION

THE COMMISSION

The Social Metrics Commission was formed in 2016 with the explicit goal of creating new poverty measures for the UK. The need for the Commission was, and still is, clear; while various measures of income inequality and poverty exist, until a new Experimental Statistic has been developed and launched, the UK will not have an official measure of poverty for children, adults or pensioners.^{vi} This leaves a situation where policymakers and politicians cannot track progress or effectively be held to account for either tackling the causes of poverty or improving the lives of those who do experience poverty.

It was clear from the start that, to develop measures that could be successfully adopted, the Commission's recommendations would need to gain widespread support both from individuals and organisations across the political spectrum and from the widest range of people interested in poverty measurement. To ensure that this is the case, the Commission is rigorously non-partisan. Its membership draws together top UK poverty thinkers from different political and professional backgrounds alongside data and analytical experts and those with experience of working with and supporting people living in poverty. The work has been led by an independent Secretariat and Technical Team, who have presented Commissioners with detailed analysis, research and advice. The Commission also chose not to make recommendations on current or future policy direction. The Commission's work remains solely focussed on the question of how poverty is measured.

Commissioners	
Philippa Stroud (Chair)	Legatum Institute
Helen Barnard	Joseph Rowntree Foundation
Dr Stephen Brien	Legatum Institute
Alex Burghart MP	Former SMC Commissioner, 2016/17
Prof Leon Feinstein	University of Oxford
Deven Ghelani	Policy in Practice
Prof Paul Gregg	University of Bath
Dr David Halpern	Behavioural Insights Team
Dr Nick Harrison	MATCHESFASHION
Oliver Hilbery	Making Every Adult Matter
David Hutchison OBE	Social Finance
Robert Joyce	Institute for Fiscal Studies
Carey Oppenheim	London School of Economics
Rt Hon David Laws	Education Policy Institute
Hetan Shah	British Academy
Stephan Shakespeare	YouGov

In September 2018, the Commission launched both its first full report and recommendations for how poverty measurement in the UK should be taken forward. The results demonstrated that previous attempts at measuring poverty had both systematically misrepresented the types of people and families that experience poverty in the UK and failed to provide a comprehensive understanding of the lived experience of those families in poverty.

By bringing together the measurement of poverty, the depth and persistence of poverty and the Lived Experiences that impact on people's lives, the Commission has developed a more detailed framework for understanding poverty in the UK, how it can be tackled and how the lives of those in poverty could be improved.

PROGRESS SINCE THE COMMISSION'S 2018 AND 2019 REPORTS

Since the launch of the Commission's first report, the Commission has continued to work to both build support for the approach that it developed and further improve its approach. Commissioners have continued to meet regularly to make decisions about improvements to the approach and to agree on a forward work plan.

Support for the Commission's approach has come from a range of individuals and organisations, including from the Work and Pension's Select Committee, who recommended that the Government adopt the Commission's approach as its "...official, central measure of poverty". Most importantly, in 2019, the Government committed to developing an experimental statistic based on the Commission's measurement framework. As highlighted by the Minister for Family Support, Housing and Child Maintenance:

"Tackling poverty is a priority for this government. We welcome the work the Social Metrics Commission has done to find new ways to understand the lives and experiences of those who are in poverty... the Social Metrics Commission makes a compelling case for why we should also look at poverty more broadly to give a more detailed picture of who is poor, their experience of poverty and their future chances of remaining in, or entering, poverty. We look forward to exploring the merits of developing a new measure with them and other experts in this field. In the long run this could help us target support more effectively."

Since the Government's announcement in 2019, the Commission has been pleased to be able to support the work that the Department for Work and Pensions has been undertaking to develop the Experimental Statistics.^{vii} Whilst this work has inevitably slowed as a result of the Covid-19 crisis, the Commission is firmly committed to supporting this work when it can resume in full force. Developing a new Experimental Statistic would be a major step towards the Commission's ultimate goal of the development of new official poverty statistics in the UK, which can be used to guide and prompt policy action.

The Commission has also undertaken a significant piece of work on equivalisation,^{viii} the process through which many poverty measures account for the variations in needs of families of different sizes and compositions. The Commission's 2018 report first highlighted its concerns over the seemingly arbitrary nature of the UK's current approach and the report published late in 2019 summarises its work to explore the nature and use of equivalisation both in the UK and internationally and test a range of different equivalisation approaches on the Commission's poverty measure. The report also made recommendations for how to take forward future work to assess the appropriateness of the current approach and, where necessary, develop a new equivalisation scale for the UK.

SECTION ONE: SUMMARY OF THE COMMISSION'S POVERTY MEASUREMENT FRAMEWORK

DEVELOPING THE COMMISSION'S MEASUREMENT FRAMEWORK

A brief summary of the new approach to measuring poverty that the Commission launched in 2018 is provided below. Full details can be found on the Commission's website and in the 2018 report.

WHY IS POVERTY MEASUREMENT IMPORTANT?

Before outlining the elements that make up the Commission's framework, it is important to outline why Commissioners think that the concept of poverty and its measurement are important, as this frames many of the decisions that were taken.

Overall, Commissioners felt that the concept of poverty is important because of both the direct and indirect impacts that poverty has on individuals, families and communities. The most obvious of these is that, where an individual or family is in poverty, some of their needs cannot be met.

In addition to the challenges people may face in putting food on the table or providing housing for their family, there are close links between poverty and many other aspects of people's lives, including relationships, health and future prospects. A significant body of research has shown some of the wider outcomes that can lead to, or are associated with, living in poverty.

This means that having an accurate and agreed measure of poverty is important as it allows us to:

- Understand the overall extent, nature and dynamics of poverty in the UK;
- Undertake research based on that understanding to assess the causes of this poverty and the potential pathways out of it; and
- Develop interventions, support and the enabling environment needed to both reduce the incidence of poverty and mitigate the impacts for those who do experience it.

Without an agreed measure, each of these is made much more difficult.

THE COMMISSION'S MEASUREMENT FRAMEWORK

A core measure of poverty

The Commission began its work by outlining how it would approach the measurement of poverty. As outlined in its interim report, the Commission viewed poverty as the experience of having insufficient resources to meet needs. However, there are a number of different dimensions along which 'needs' and 'resources' could be characterised. For example:

- Resources could be focused purely on material resources or be taken to mean a wider view of 'capabilities' affecting someone's ability to change their own life. A wider approach might include education or mental and physical health as 'resources';^{ix} and
- There are also differences between needs conceived as being immediate (e.g. paying for things now) versus a 'need' to ensure adequate provision for the future.^x

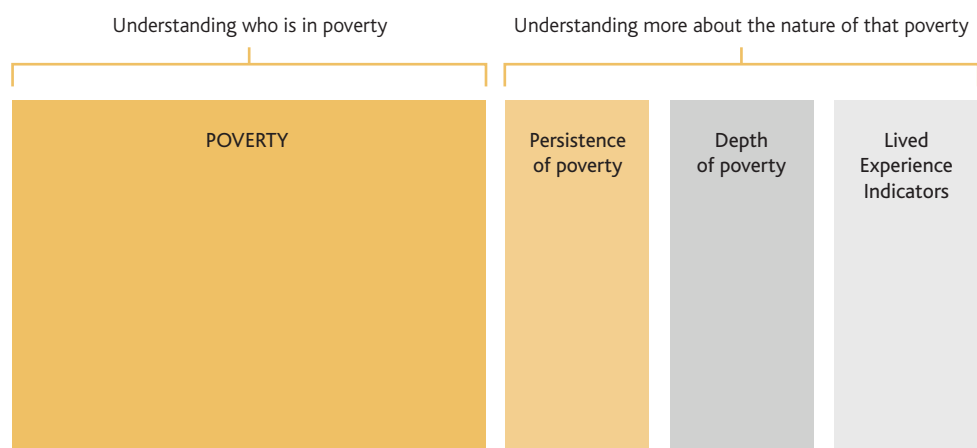
Based on the principles outlined above, the Commission decided to focus its measure of poverty on the extent to which the material resources that someone has available to them now are sufficient to meet the material needs that they currently have.

Understanding the nature of poverty

As well as measuring the incidence of poverty, Commissioners also developed a broader measurement framework that provides a deeper understanding of the factors that affect the experience of poverty, influence the future likelihood of poverty, or are consequences that flow from being in poverty. Figure 2 demonstrates that, alongside measuring the number of people in poverty, the Commission decided to report on three other areas:

- **The depth of poverty:** To assess how far above / below the poverty line families are. This will allow an understanding of the scale of the task that families face in moving out of poverty and how close others (above the poverty line) are to falling into poverty;
- **The persistence of poverty:** To assess how long families in poverty have been in poverty for, so that the escalating impact of poverty over time can be considered and tackled; and
- **The Lived Experience of those in poverty:** To assess a range of factors and characteristics that impact on a family's experience of poverty, make it more likely for them to be trapped in poverty and / or are likely predictors of their poverty experience.

Figure 2: The Commission's measurement framework



PRINCIPLES THAT GUIDED DECISION-MAKING

Once an overall framework had been established, the Commission then needed to make detailed decisions about how each of the elements would be measured. To ensure that the Commission approached decisions in a consistent manner, a set of key principles were developed and agreed by the Commission. These were used to frame the Commission's decisions and covered both the Commission's overall approach to measurement and the Commission's approach to measurement of resources and needs. These are summarised in box 1.

Box 1: Overview of the Commission's principles of measurement

Focus on poverty: The Commission's focus is on measuring poverty, not social mobility, income inequality or wider measures of economic wellbeing. The poverty metric will also draw a clear distinction between indicators of poverty itself, the experience of poverty and risk factors or drivers of future poverty.

Poverty now: The Commission is assessing the extent to which families have the resources currently available to meet their immediate needs, rather than how they might manage in the future.

With reference to society: Needs are determined with reference to all of society. The definition of needs will be related to the degree to which people can engage in a life regarded as the 'norm' in UK society.

Neutrality: For the purpose of measurement, the Commission will only consider families' experience now, and not consider how they got into the situation.

Lived experience: It is important to understand more than just who is classed as being in poverty. Understanding the nature of that poverty (e.g. poverty depth and persistence) and the wider characteristics and factors that impact on a family's experience of poverty are also important.

Ongoing measurement: Commissioners wanted to create a measure that could be captured using available data (or with improvements to existing data) and updated regularly.

Balancing accuracy with simplicity: The goal is to measure the size, distribution and nature of the population that is in poverty. We will not add unnecessary layers of complexity to capture very small numbers of atypical families.

MEASURING POVERTY

The Commission began its work by outlining how it would approach the measurement of poverty. The Commission viewed poverty as the experience of having insufficient resources to meet needs. However, there are a number of ways in which needs, resources and sufficiency can be characterised. Overall, this suggests that there are four steps to developing a measure of poverty:

1

HOW DO PEOPLE SHARE?

What should we assume about how people share resources and combine needs?

2

AVAILABLE MATERIAL RESOURCES

What material resources are available?

3

IMMEDIATE MATERIAL NEEDS

What are the needs which these available resources should meet?

4

COMPARING RESOURCES AND NEEDS

How to create a poverty line and update this over time

HOW DO PEOPLE SHARE?

Rather than using standard “household” assessments, whereby every individual within the same household is assumed to have an identical living standard, the Commission decided to allow for intra-household differences in living standards in some cases. In practical terms, this meant creating a new measure of intra-household sharing; the Sharing Unit:

1. Related^{xi} individuals within a household are deemed to share resources and needs – they represent one Sharing Unit. For example, a lone parent and child living with the lone parent’s own parents would be counted as one Sharing Unit; and
2. Non-related individuals within a household are deemed not to share resources and needs – they represent multiple Sharing Units. For example, a group of non-related students living in the same property would each be classed as separate Sharing Units.

The Commission is clear that this approach would not capture perfectly all sharing relationships in all households. For instance, in some households, related benefit units, and individuals within the same benefit units, will not equally share their resources and needs. However, whilst this is not a perfect measure, we believe it is the best that is possible using the available data, and an improvement on previous measures, which assumes that all individuals in a physical household share perfectly.

WHAT ARE AVAILABLE MATERIAL RESOURCES?

The Commission wanted to develop a new measure of resources that moved beyond the traditional focus on incomes. The motivation for this was the fact that many families both have access to non-income material resources (e.g. liquid assets) or need to spend a portion of their resources on outgoings over which they have no short-term control (inescapable costs like housing and childcare).

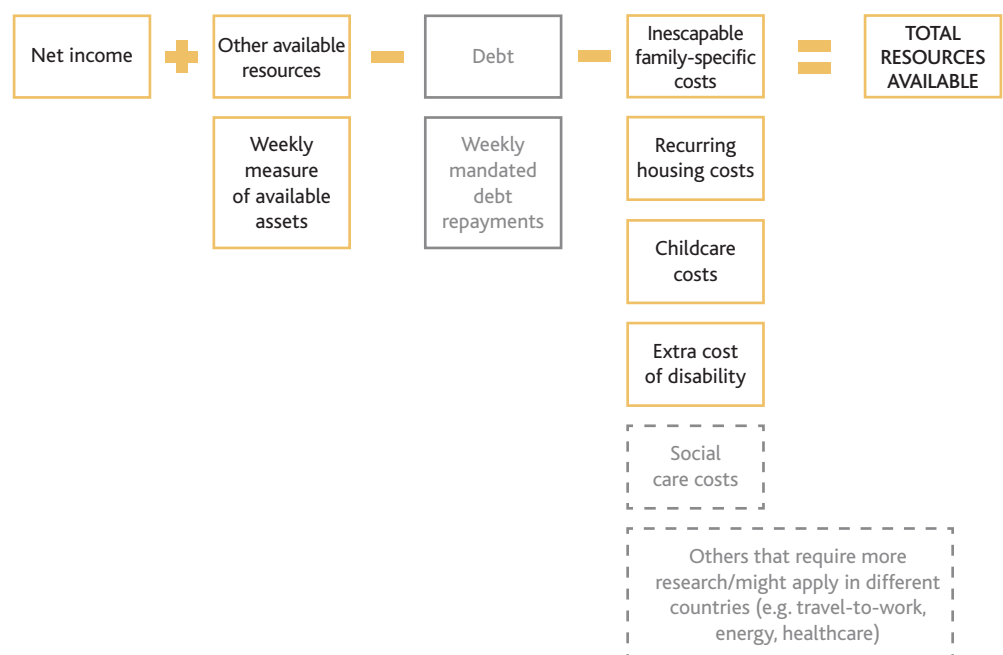
Overall, the Commission decided that the most appropriate approach to assessing the resources that families have available to meet their needs was to create a new measure of total weekly resources available. Figure 3 shows that this includes:

1. All sources of post-tax earnings and income, including all benefit and tax credit income;
2. Liquid assets available for immediate use (judged to be total stock of liquid assets divided by 52);
3. A deduction of inescapable family-specific recurring costs that families face from housing and childcare; and
4. A deduction of inescapable extra costs of disability.

A measure of obligated debt repayments would also have been deducted if the data was available in the FRS, and we believe will be available for analysis once the 2020/21 FRS is available to researchers. The Commission also strongly recommends further work to explore how the costs of social care could be captured and included.

Creating this measure of total resources available gives a far more accurate picture of the extent to which families are able to meet their day-to-day needs.

Figure 3: Creating a measure of weekly total resources available (all weekly)



Notes: Factors outlined in orange are already included in the measure. Factors outlined in a grey solid line would have been included if the data was available. Factors outlined in a grey dash require measurement and assessment to understand whether they should be included.

WHAT ARE IMMEDIATE MATERIAL NEEDS?

There are a range of questions that need to be answered to develop a measure of immediate material needs. These include questions about which data to use to proxy needs as well as complex questions about how to account for the fact that families of different sizes and compositions will have different needs.

After considering a range of options, the Commission decided that the most appropriate data to use to proxy needs was a measure of what others in society have available to spend (the Commission's measure of total resources available). It then considered a range of options for how to account for family size and composition. It decided:

1. To equalise needs using the AHC version of the OECD adjusted equivalence scales; and
2. To note the urgent need for further work to develop equivalence scales that reflect the experience of families in the UK.

The Commission's 2019 report on equalisation undertook some of that work. It created a framework to take forward the research needed to develop a new equivalence scale for the UK and outlined how that work should be developed. The Commission will continue to work with all interested parties to ensure that the right evidence is available so that the UK has the most accurate account of the differing needs of different individuals and families.

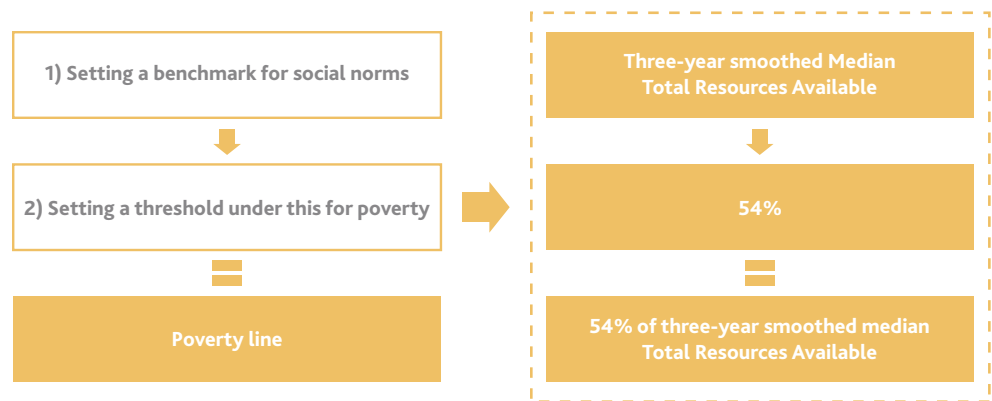
COMPARING MATERIAL RESOURCES AND MATERIAL NEEDS

After creating measures of resources and needs, the Commission had to develop a way of comparing the two to create a poverty line. Commissioners did this by determining a benchmark for social norms in society and then setting a threshold beneath this that reflected the situation of poverty.

Details of these decisions are shown in figure 4. It is worth noting the Commission's decision to use a three-year smoothed measure of social norms better reflects the fact that social norms and expectations will take time to adapt to changes in overall economic conditions. For instance, if median incomes fall rapidly during a recession, it is not necessarily the case that a family's needs (and the poverty line) will fall pound for pound with this reduction. This makes the Commission's measure a hybrid between the traditional absolute and relative approaches to measuring poverty.

The other innovation of the Commission's measure was to broaden the approach to include an assessment of one element of housing adequacy. This included an adjustment for those in overcrowded accommodation and including those sleeping rough to be in poverty.

Figure 4: Commission’s approach to setting the poverty line



MEASURING ELEMENTS OF THE EXPERIENCE OF POVERTY

Commissioners also developed a wider measurement framework, which focussed on measuring the depth and persistence of poverty as well as understanding a wide range of factors that might impact on a family’s likelihood of entering or remaining in poverty, or their wider experience of poverty.

DEPTH OF POVERTY

Capturing the depth of poverty is one element that contributes to understanding the severity of poverty that families are experiencing. It is also apparent that the experiences of those just above the poverty line are likely to be very similar to those just below it. For these reasons, the Commission chose not to set an arbitrary threshold for “deep poverty”. Instead, the Commission decided to create a measure of the depth of poverty that:

- Reflects how far each family in poverty is below the poverty line; and
- Captures and reports on families that are just above the poverty line.

POVERTY PERSISTENCE

Another important element of the severity of poverty that people experience is the length of time that they have been in poverty. Commissioners wanted a measure of the length of poverty to reflect families that had been continuously in poverty and also those who may have dipped in and out of poverty.

The Commission decided to create a measure of poverty persistence that matched the approach used by the OECD/ONS. This means that a family would be judged to be in persistent poverty if:

- They were in poverty this year; and
- Had also been in poverty for two of the previous three years.

This measure has been created using data from the Understanding Society survey. As more waves of this become available, an understanding of the longer-term persistence of poverty (for example, over more than four years) will also be possible.

LIVED EXPERIENCE OF POVERTY

Based on Commissioners' experience, existing research and input from a range of experts, the Commission identified a range of factors that were not captured by the Commission's measure of poverty, depth and persistence. These were grouped under five domains:

- Family, relationships and community;
- Education;
- Health;
- Family finances; and
- Labour market opportunity.

This is not meant to be a fully comprehensive list of potential factors, there are others that are important now, or might be important in the future. However, Commissioners wanted to develop a manageable framework for understanding and reporting on some of the wider experiences of people in poverty and how they compare to those not in poverty.

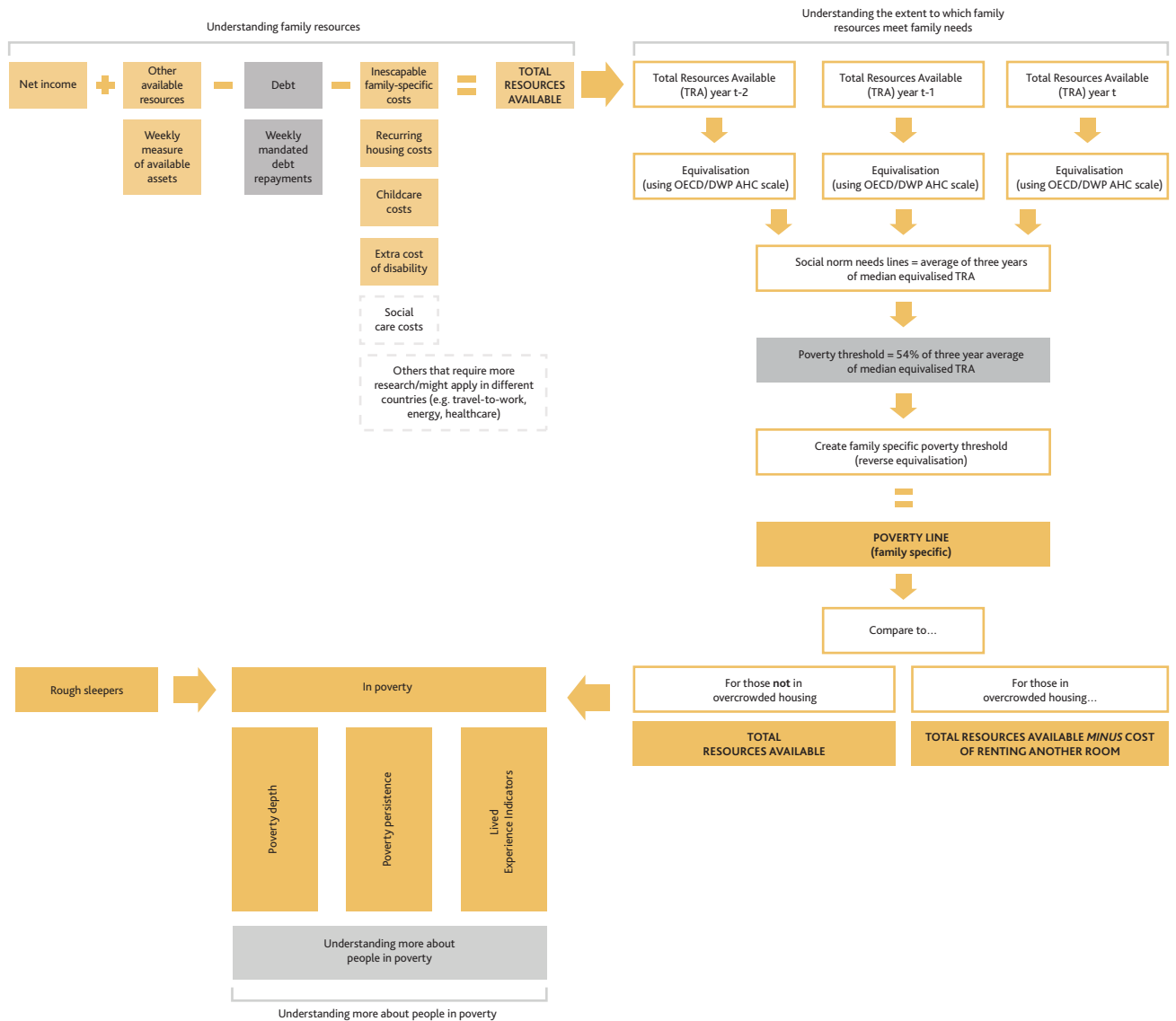
The Commission used data from both the Family Resources and the Understanding Society surveys to capture these factors. The prevalence of each of the factors amongst the population in poverty is compared to that of the population not in poverty, to establish an understanding of some of the differences between the two populations.

It is hoped that this will improve understanding and stimulate more research and analysis to develop a deeper assessment of the experiences of people in poverty, how to create an enabling environment and some of the potential routes of entry and exit.

OVERVIEW OF COMMISSION'S APPROACH TO MEASUREMENT

Figure 5 below provides a full overview of the Commission's approach to determining whether or not a specific family is living in poverty.

Figure 5: Overview of the Commission's measurement framework



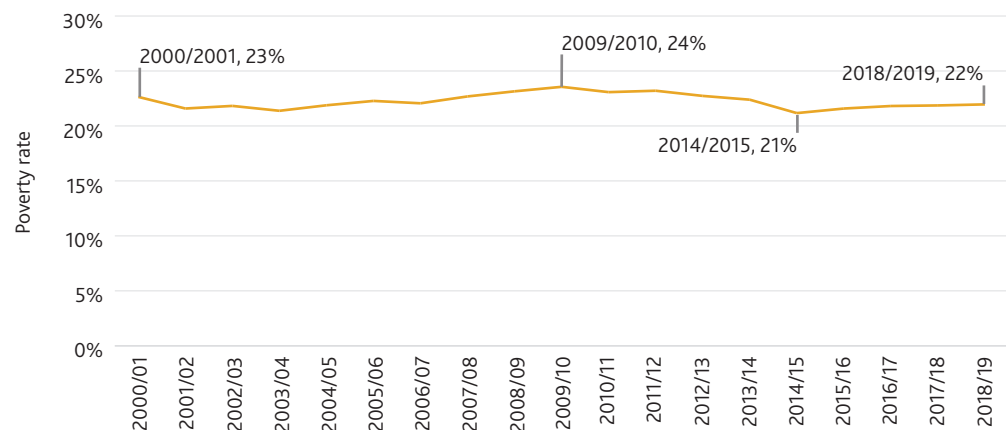
SECTION TWO: FEATURE SECTION 2020

This section features new policy-relevant analysis using the Commission’s measurement framework. It provides a better understanding of the nature of poverty in the UK and how this is experienced by different types of families. It is predominantly based on data from 2017/18 and 2018/19, however, combined with the insights provided in the Introduction of this report, the Commission hopes that it can be used to support both immediate responses to limit the poverty impacts of the Covid-19 crisis, and longer-term action to develop a comprehensive anti-poverty strategy.

UK POVERTY OVER TIME

Over the course of the last two decades, the overall rate of poverty in the UK has barely changed. Figure 6 shows that, throughout the course of governments from across the political spectrum, a range of different approaches to tackling poverty, the financial crisis and subsequent recession and significant changes in approaches to fiscal and economic policy, the poverty rate has sat stubbornly between 21% and 24% of the UK population.

Figure 6: UK poverty rate since 2000/01



Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

This raises the question of whether it is possible to sustainably reduce the proportion of the UK population in poverty. In this respect, the Commission’s 2019 report highlighted that there is cause for confidence. In fact, there has been a significant fall in poverty amongst pension-age individuals and lone-parent families in the last two decades. These changes are likely to have been a result of sustained anti-poverty policy interventions targeted at these two broad groups.

This shows that where the population in poverty, and the nature of the poverty they experience, are better understood, policy interventions can be effectively targeted to support a reduction in poverty. To support this policy agenda, this year's Feature Section highlights four stylised types of poverty that can be identified through the Commission's measurement framework and provides an initial analysis of the type of poverty experienced by different types of families.

THE NATURE OF UK POVERTY – POVERTY DEPTH AND PERSISTENCE

One of the key advances of the Commission's poverty measurement framework is that it considers the incidence of poverty across the UK, alongside providing details of the nature of that poverty, including the depth of poverty families experience and the extent to which they experience persistent poverty (defined as being in poverty this year, as well being in poverty for two out of the previous three years).

Table 1 shows the composition of poverty between those at different depths of poverty. It shows that three in ten people (31%) in poverty live in families that are 50% or more below the poverty line, meaning that some 4.5 million people are in that position. That leaves 69% of those in poverty (9.9 million people) living between the poverty line and 50% below the poverty line.

Table 1: Composition of poverty, by poverty depth, 2018/19

Distance below poverty line	Number of people	% of UK population	% of people in poverty
<=5% below the poverty line	1,000,000	2	7
5%-10% below the poverty line	1,200,000	2	9
10%-25% below the poverty line	3,400,000	5	24
25%-50% below the poverty line	4,200,000	6	29
>=50% below the poverty line	4,500,000	7	31

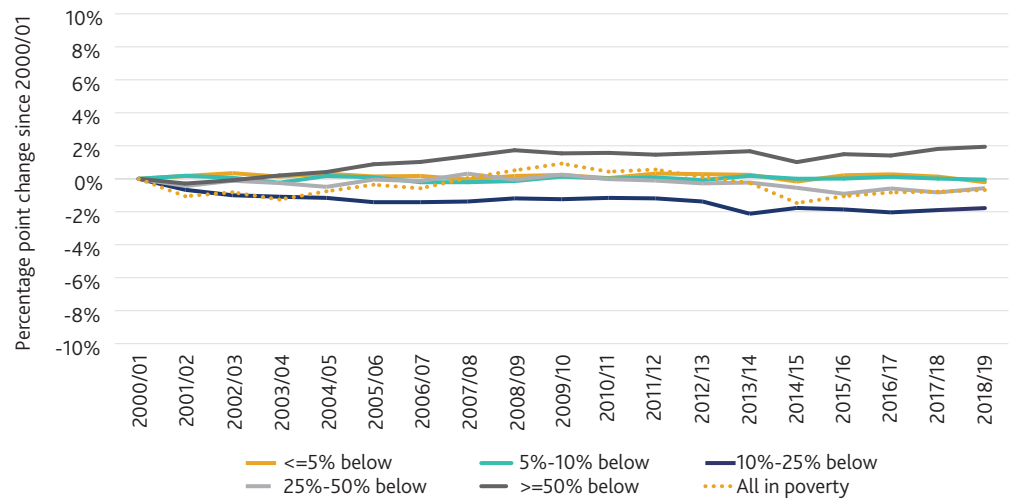
Notes: For poverty calculations, where families were directly on a given threshold, they were treated as being above it, as their resources would be defined as being equal to their poverty-level needs. This approach was also applied to the various categories of poverty depth. Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Looking at how this has changed over time reveals that an increasingly large proportion of the UK is now experiencing the very deepest level of poverty. Figure 7 shows that the proportion of the population living in families in deep poverty has increased by two percentage points since 2000/01 (rising from 5% in 2000/01 to 7% now). In more tangible terms, this means that 1.3 million more people experience deep poverty today than would have been the case had the incidence of deep poverty still been at the level seen in 2000/01.

In contrast, the proportion of people living in families at all other depths of poverty has remained stable or fallen over the same time period. For example, the proportion of the UK population living in families between 10% and 25% below the poverty has fallen by around two percentage points.

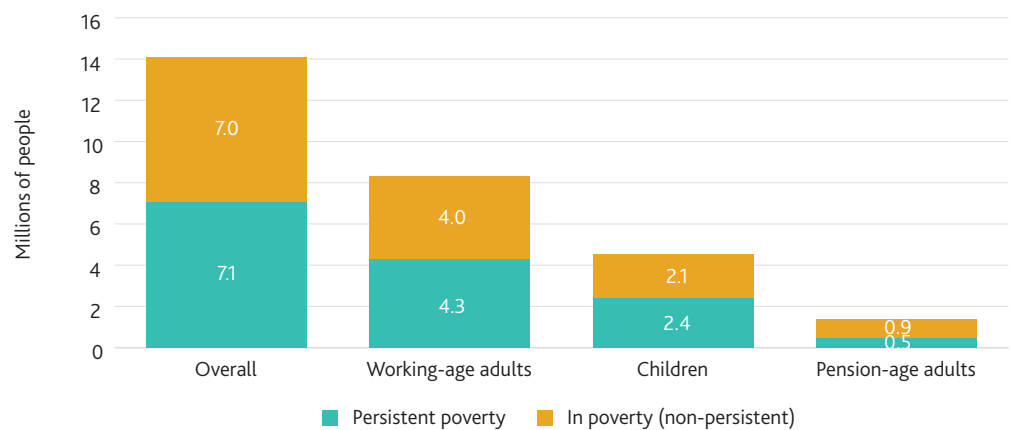
Figure 7: Change in proportion of UK population in each depth of poverty since 2000/01



Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 8 shows that 7.1 million people (around 50%) of those in poverty in the UK are in persistent poverty. More than half of working-age adults and children in poverty are living in families that are in persistent poverty.

Figure 8: Composition of poverty, by persistence of poverty, 2017/18



Source: Understanding Society (2012/13 – 2017/18), SMC analysis.

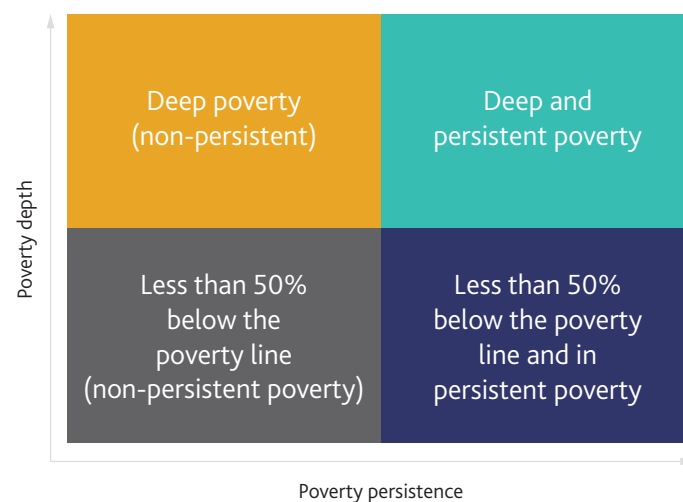
Whilst this report considers all of those in persistent poverty as one group, it is worth noting that their experiences will differ. For example, some may have been in poverty continuously for many years. Others may be experiencing their first spell of persistent poverty. This caveat is equally true for those who are in non-persistent poverty. For example, some in this group may have found themselves in poverty this year, have never been in poverty before and may never be in poverty again after this year. Others could be cycling repeatedly in and out of poverty, always just missing the definition of persistence. Some may be experiencing their first year of poverty and are very likely to be classed as being in persistent poverty in following years. We hope that the analysis below will prompt others to build on previous work in this area^{xiii} to fully explore the dynamics of poverty and how this intersects with poverty depth.

CONSIDERING DEPTH AND PERSISTENCE TOGETHER

Of course, someone's experience of poverty will depend on both the depth of that poverty and the length of time that they experience it for. This means that poverty depth and persistence can be brought together to create four groups of the population in poverty. As shown in figure 9 these are:

- **Deep and persistent poverty:** those families 50% or more below the poverty line in the most recent data and who have been in poverty for at least two out of the previous three years.
- **Less than 50% below the poverty line and in persistent poverty:** those families less than 50% below the poverty line in the most recent data and who have been in poverty for at least two out of the previous three years;
- **Deep poverty (non-persistent):** those families 50% or more below the poverty line in the most recent data and who have been in poverty for less than two out of the previous three years; and
- **Less than 50% below the poverty line (non-persistent poverty):** those families less than 50% below the poverty line in the most recent data and who have been in poverty for less than two out of the previous three years.

Figure 9: Categorisation of poverty types

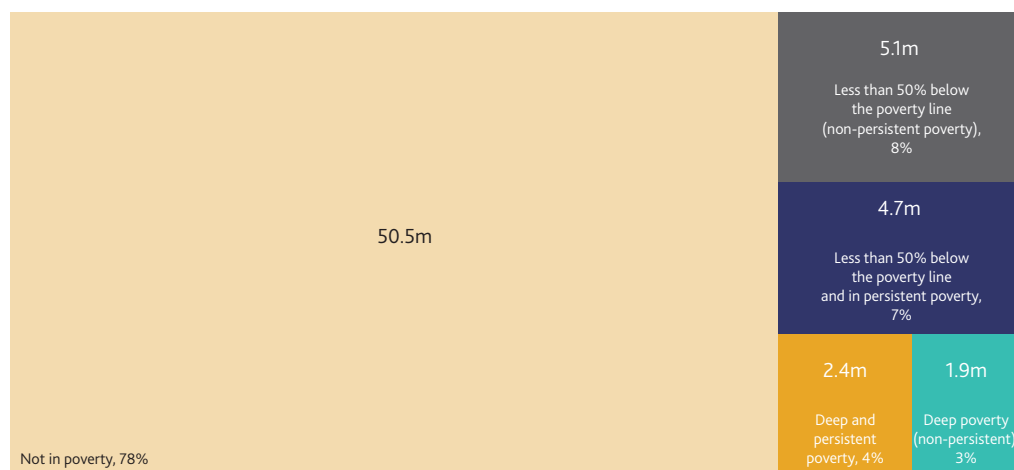


Source: Understanding Society (2012/13 – 2017/18), SMC analysis.

Figure 10 shows how the UK population is split between these categories and those not in poverty. It shows that 7% of the UK population is in some form of deep poverty, with just over half (55%) of those in deep poverty also being in persistent poverty. This means that 2.4 million people in the UK are in families that are in deep and persistent poverty, with another 1.9 million people in families in deep poverty (non-persistent).

Around 15% of the UK population is less than 50% below the poverty line and either in non-persistent (5.1 million) or persistent poverty (4.7 million).

Figure 10: UK population, by poverty status, 2017/18



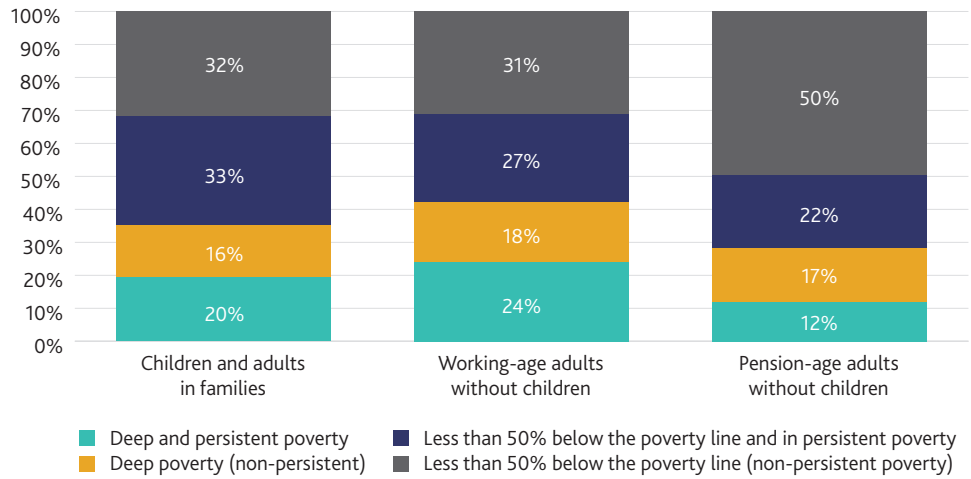
Notes: Estimates of the proportions of those in each type of poverty were taken from Understanding Society and calibrated against the SMC's headline estimates produced using the 2017/18 FRS/HBAI data.

Source: Understanding Society (2012/13 – 2017/18) and Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

UNDERSTANDING HOW POVERTY TYPES VARY

As well as understanding how the whole population in poverty is split between these four types of poverty, the prevalence of each category of poverty can also be considered by various family characteristics. For example, figure 11 shows the differences in the prevalence of different types of poverty for children and adults in families, working-age adults without children, and pension-age adults without children in poverty. Nearly one in four (24%) of working-age adults in poverty who do not have children are in deep and persistent poverty. A slightly lower proportion (one in five, or 20%) of children and adults in families in poverty are in deep and persistent poverty. This compares to one in ten (12%) pension-age adults without children. Half of all pension-age adults without children in poverty are less than 50% below the poverty line and in non-persistent poverty.

Figure 11: Type of poverty for children and adults in families, working-age adults without children, and pension-age adults without children, 2017/18

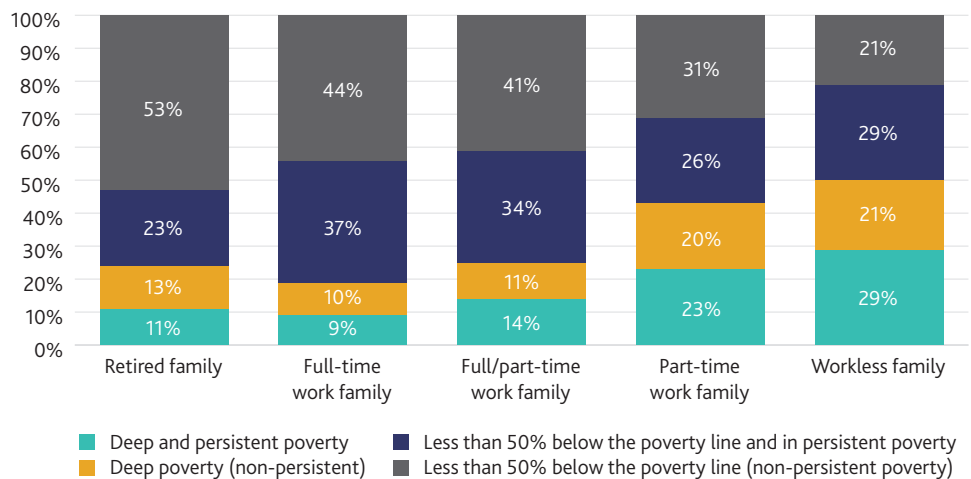


Notes: Categories have been allocated according to whether there is a child present in the sharing unit.

Source: Understanding Society (2012/13 – 2017/18), SMC analysis.

Figure 12 shows that the proportion of those in poverty who are in deep and persistent and deep poverty (non-persistent) increased steadily as family work-status worsened. For example, half of people (50%) in workless families are in either deep and persistent poverty (29%) or deep poverty (non-persistent) (21%). This contrasts with those in full-time work families where 9% are in deep and persistent poverty and 10% in deep poverty (non-persistent).

Figure 12: Type of poverty, by family work status, 2017/18

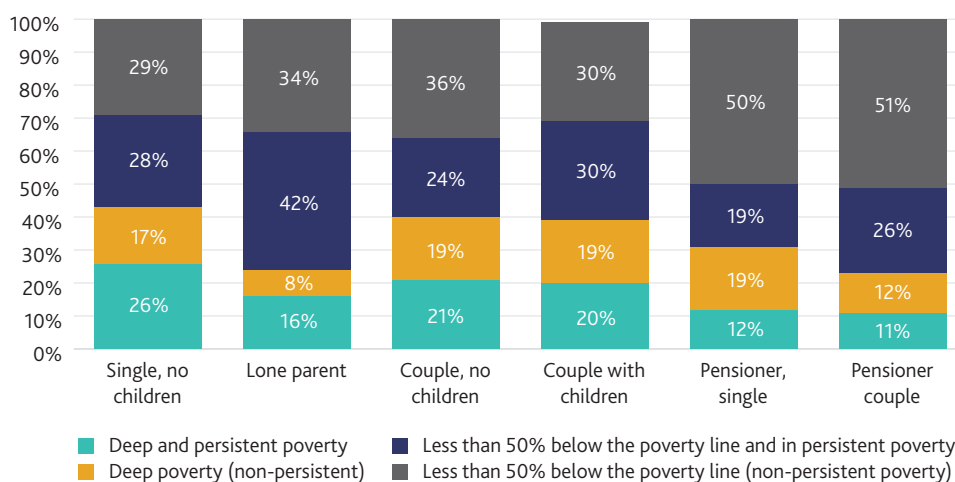


Notes: Excludes sharing units where all adult members are students. Family work status allocated in accordance with the approach summarised in section three.

Source: Understanding Society (2012/13 – 2017/18), SMC analysis.

Figure 13 shows that a higher proportion of single people with no children who are in poverty are in the deep and persistent category. More than a quarter (26%) of this group are in this category, compared to 16% of people in lone-parent families in poverty. The most prevalent type of poverty amongst people in lone-parent families is where they are less than 50% below the poverty line and in persistent poverty, with four in ten (42%) of people in lone-parent families in poverty in this category.

Figure 13: Type of poverty, by family type, 2017/18



Source: Understanding Society (2012/13 – 2017/18), SMC analysis.

Together this analysis highlights the importance of not regarding the 22% of the UK population in poverty as a single homogenous group. Poverty is more likely to be experienced by some families and the type of poverty experienced by families who do find themselves in poverty is also incredibly varied. For some, poverty is a severe but short-lived experience. For others, it will be less severe in terms of its depth, but last much longer. Of course, there are also those who experience poverty that is both deep and long term.

A sustainable approach to tackling poverty will require action across each of these types of poverty. But the necessary responses will not be the same as the causes and implications of each of these types of poverty are likely to be different. In turn, the most effective short- and long-term policy responses are also likely to vary significantly.

The Commission hopes that this initial analysis of poverty types will prompt further analysis that can support policy makers in both their short-term responses to mitigate the poverty impacts of the immediate Covid-19 crisis as well as inform a long-term anti-poverty strategy.

SECTION THREE: FULL RESULTS

POVERTY IN THE UK

This section provides an overview of the headline results from the Commission's measurement framework, showing the incidence of poverty and how it varies for different types of families and individuals. It also shows how poverty rates and numbers have changed since 2000/01, both overall and for different types of individuals and families.

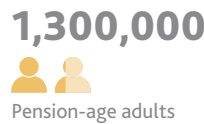
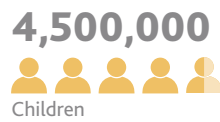
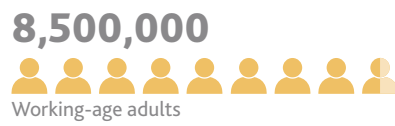
POVERTY – LATEST HEADLINES

Under the Commission's poverty measure, 14.4 million people in the UK are living in families judged to be in poverty (22% of the UK population). This is broadly in line with last year's results, and indeed the results from the last two decades, where overall poverty rates for the UK have fluctuated between 21% and 24% (figure 15).

Within the 14.4 million people living in poverty in 2018/19, there are 4.5 million children (33% of children), 8.5 million working-age adults (22% of working-age adults) and 1.3 million pension-age adults (11% of pension-age adults).

Figure 14: Composition of poverty and poverty rates in the UK, by age, 2018/19

14.4 million people in poverty in the UK (2018/19), comprised of:



Poverty rates in the UK (2018/19):

22%
Of the overall population are in poverty

22%
Of working-age adults are in poverty

33%
Of children are in poverty

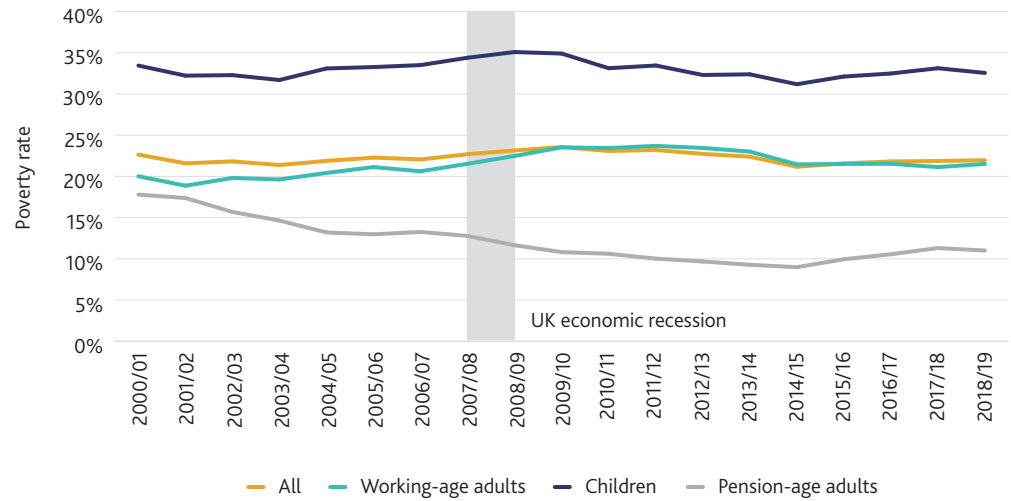
11%
Of pension-age adults are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 15 shows that, whilst there has been relatively little movement in the overall rate of poverty in the UK since 2000/01, over the same period, the poverty rate for pension-age adults has fallen from 18% in 2000/01 to 11% in 2018/19. It is also encouraging that, after rising for the last three years from a post-financial-crisis low of 31% (children) and 9% (pension-age adults) in 2014/15, the most recent year of data has ended this rising trend, with poverty rates plateauing for both groups since last year.

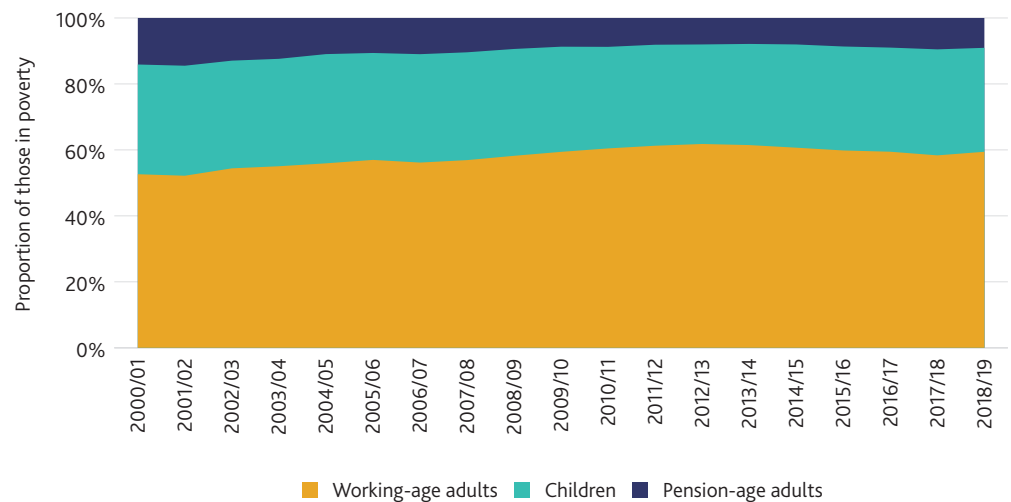
Figure 15: Poverty rates for the UK population, by age, over time



Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

The large fall in poverty amongst pension-age adults means that the composition of the total population in poverty in the UK has changed over the last 15 years; working-age adults now make up a larger proportion of the group, while pension-age adults represent a lower proportion of the total. In 2000/01, working-age adults accounted for just over half (53%) of those in poverty. In 2018/19, this figure stands at nearly six in ten (59%).

Figure 16: Composition of poverty, by age



Notes: Categories refer to individuals who are working-age adults, children, or pensioners, rather than individuals in different family types.

Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

POVERTY BY FAMILY TYPE

As well as considering working-age, pension-age and child poverty, poverty can also be assessed based on the types of family within which people live.


Figure 17 shows that almost half (48%) of people living in lone-parent families are living in poverty. This compares to 26% of those living in couple families with children and 9% of people in pension-age couple families.

Figure 17: Composition of poverty and poverty rates in the UK, by family types that people live in, 2018/19

14.4 million people in poverty in the UK (2018/19), comprised of:


3,300,000

 Single people with no children

2,400,000

 People in lone-parent families

1,400,000

 People in couple families with no children

5,900,000

 People in couple families with children

700,000

 People in pension-age single families

800,000

 People in pension-age couple families

Poverty rates in the UK (2018/19):

27%
 Of single people with no children are in poverty

48%
 Of people in lone-parent families are in poverty

11%
 Of people in couple families with no children are in poverty

26%
 Of people in couple families with children are in poverty

15%
 Of people in pension-age single families are in poverty

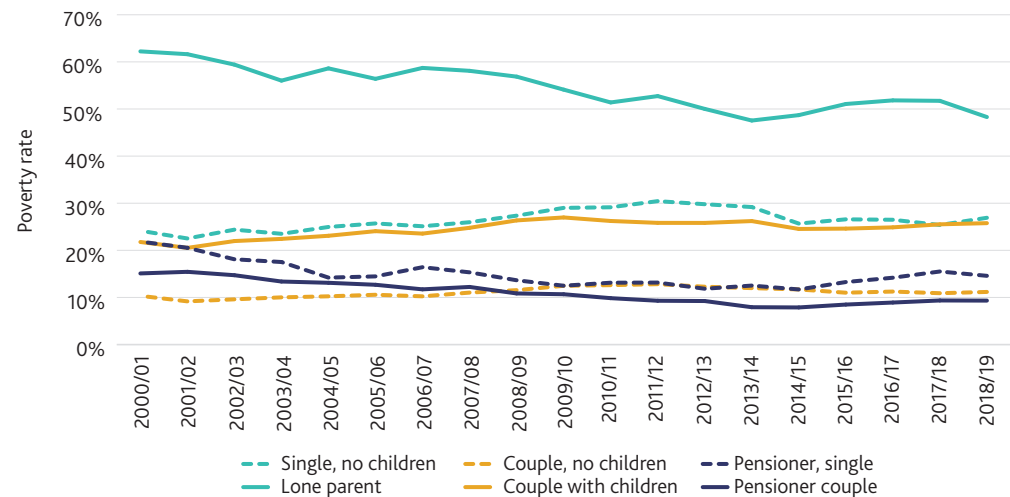
9%
 Of people in pension-age couple families are in poverty

Notes: Figures have been rounded, so may not sum perfectly. Family types taken from the HBAI dataset once SMC poverty indicators (assessed at the sharing unit level) have been allocated to each benefit unit. This applies to all estimates for family type in this section.

Whilst poverty rates amongst people in lone-parent families are high, given the relatively small proportion of the overall population that this group accounts for, they are not the largest group in poverty. Instead figure 17 shows that the 5.9 million people in poverty who live in couple families with children represent more than four in ten (41%) of those in poverty. Single people with no children represent the second largest group of people in poverty. There are 3.3 million people in this group.

Figure 18 demonstrates that poverty rates for individuals in particular family types have changed over time. The most significant changes can be seen in the poverty rate of lone-parent families where, despite modest rises between 2013/14 and 2017/18, the poverty rate remains 14 percentage points below the rate seen in 2000/01 and ten percentage points below the rate seen pre-recession in 2007/08. The rising trend in poverty rates seen for this family type since 2013/14 also stopped in the most recent data.

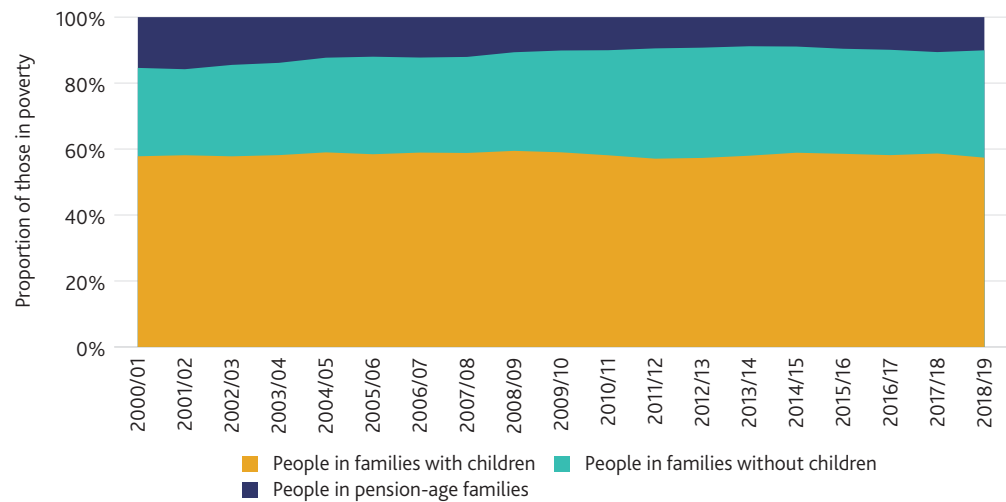
Figure 18: Poverty rates for the UK population, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Figure 19 shows that, since the early 2000s, there has been a shift in the composition of poverty from pension-aged families^{xiii} (falling from 16% of the population in poverty in 2001/02 to 10% in 2018/19), to working-age families without children (increasing from 26% of the population in poverty in 2001/02, to 33% in 2018/19). The proportion of the total population in poverty accounted for by people living in families with children has remained fairly constant at around 58%.

Figure 19: Composition of poverty, by family type



Notes: Family types created using HBAI family designations and number of children.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

ANALYSIS OF POVERTY BY FAMILY CHARACTERISTICS

There are also characteristics, beyond family type, that are associated with different rates and levels of poverty. This section considers poverty by family disability status, work status, housing tenure and ethnicity.

Disability

Poverty rates are higher for people living in families that include a disabled adult or child. Nearly three in ten (28%) people in these families are in poverty, compared to nearly two in ten (18%) people in families where no one is disabled.

Overall, 7.2 million people in poverty are living in families that include a disabled adult or child. This means that half (50%) of people in poverty live in a family where someone is disabled.

Figure 20: Composition of poverty and poverty rates in the UK, by whether the family includes a disabled person, 2018/19

14.4 million people in poverty in the UK (2018/19), comprised of:

7,200,000



People in families that include a disabled adult or child

7,200,000



People in families that do not include a disabled adult or child

7.2 million people in poverty in the UK in families that include a disabled person (2018/19), comprised of:

5,700,000



People in families that include one or more disabled adults and no disabled children

600,000



People in families that include disabled children and no disabled adult

800,000



People in families that include disabled children and one or more disabled adults

Poverty rates in the UK (2018/19):

28%

Of people living in families that include a disabled adult or child are in poverty

18%

Of people living in families that do not include a disabled adult or child are in poverty

27%

Of people living in families that include one or more disabled adults and no disabled children are in poverty

29%

Of people living in families that include disabled children and no disabled adults are in poverty

37%

Of people living in families that include disabled children and one or more disabled adults are in poverty

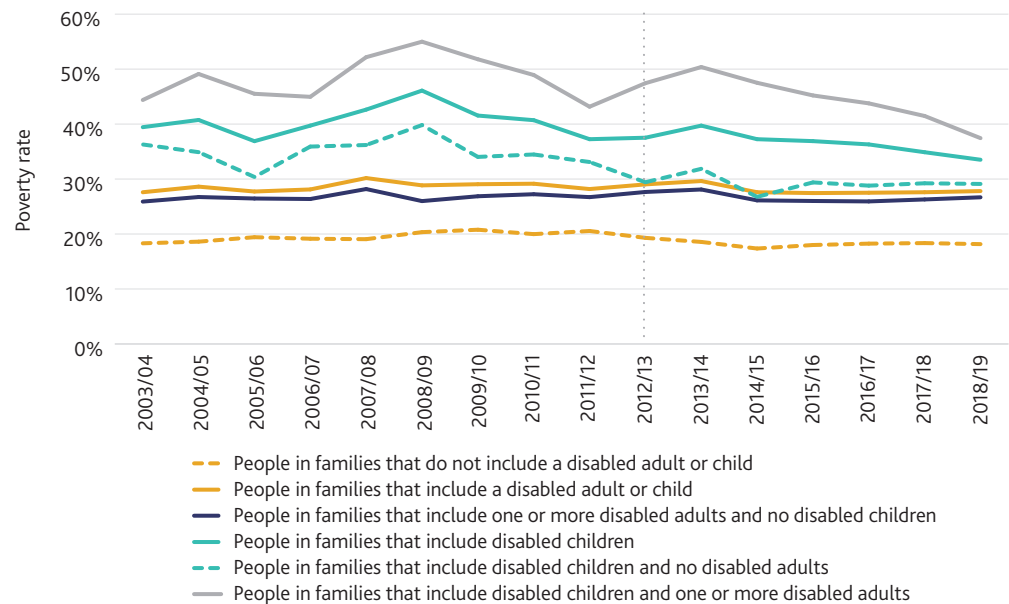
Notes: Figures have been rounded, so may not sum perfectly. Families are classified as having a disabled person if one or more benefit unit within the family has a disabled person according to the variables "disability within the family (benefit unit)". This variable changed to align with Equality Act definitions in 2012/13, but is otherwise consistent across years. This applies to all estimates for family disability in this section.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 21 demonstrates that, in each year since 2003/04, the poverty rate for people living in families that include a disabled person has been just under 30%. This compares to the poverty rate of less than 20% for people not living in a family that include a disabled person.

Within this, the last ten years have seen significant falls in poverty amongst families that include a disabled child. For example, the poverty rate amongst people living in families that include a disabled child (regardless of whether there are also disabled adults present) is 34% in 2018/19, compared to 46% in 2008/09.

Figure 21: Poverty rates for the UK population, by whether the family includes a disabled person, over time

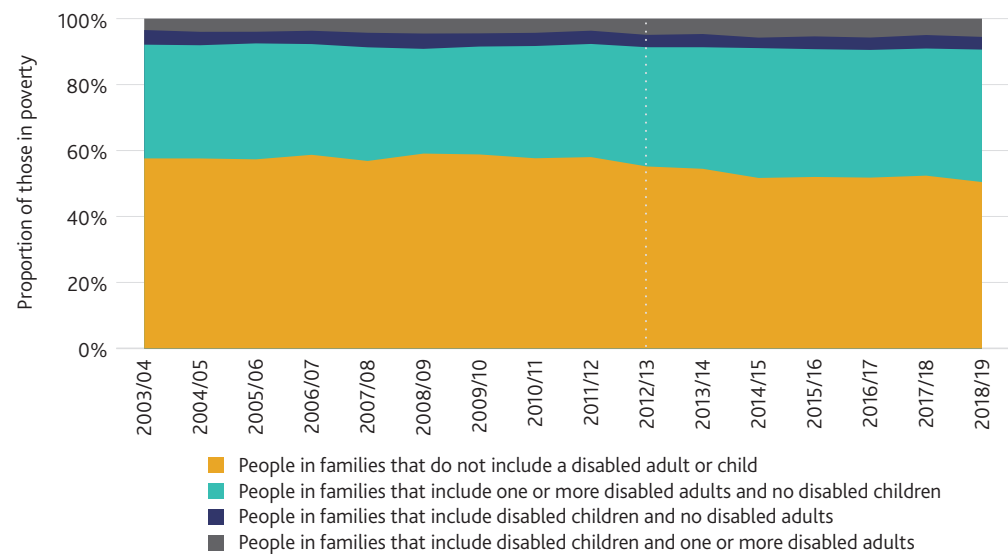


Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13. Estimates for disability are only available from 2003/04 due to data limitations. This applies to all disability estimates in this section.

Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

Figure 22 shows that the proportion of people in poverty who live in families with a disabled person has increased significantly since 2003/04 (from 43% in 2003/04 to 50% in 2018/19).^{xiv}

Figure 22: Composition of poverty, by whether the family includes a disabled person



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Work status

Figure 23 demonstrates how people in poverty in the UK are split between retired, working and workless families. To understand the poverty status of families with different work intensities, the following classifications are used:^{xv}

- **Full-time work family:** All adults in the family work full time;
- **Full/part-time work family:** Some adults in the family work full time, others work part time;
- **Part-time work family:** Some or all adults in the family work part time, others may not work; and
- **Workless family:** None of the adults undertakes any paid work.

The experience of poverty varies significantly between families with different levels of work intensities. For example, more than half (57%) of people living in part-time work families are in poverty. This compares to just one in ten (9%) of those people living in full-time work families. Figure 23 also shows that 68% of those living in workless families are in poverty.

Together, this means that more than six in ten (64%) people in poverty in the UK live in a family where someone does at least a few hours of work.

Figure 23: Composition of poverty and poverty rates in the UK, by family work status, 2018/19

14.4 million people in poverty in the UK (2018/19), comprised of:



Poverty rates in the UK (2018/19):

- 9%** Of people living in full-time work families are in poverty
- 29%** Of people living in full/part-time work families are in poverty
- 57%** Of people living in part-time work families are in poverty
- 68%** Of people living in workless families are in poverty
- 11%** Of people living in retired families are in poverty

Notes: Excludes sharing units where all adult members are students. Figures have been rounded, so may not sum perfectly. Family work status allocated in accordance with the approach summarised above. This applies to all estimates for family work status in this section.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Table 2 considers how these results vary by different family types. It shows that, across all family types, as the family increases their work intensity, their chances of poverty fall significantly. However, it also shows that different families with similar work-statuses can have quite different experiences of poverty. For example, people living in couple families where both adults work full time have the lowest poverty rate (3%). This contrasts with a poverty rate of 28% for people in families where the lone parent works full time. Whilst high, this is still considerably lower than the poverty rate for people in lone-parent families where the lone parent works full/part-time (42%), part time (61%) or is workless (77%).

Table 2: Poverty rates for people in working-age families, by family type and work status, 2018/19

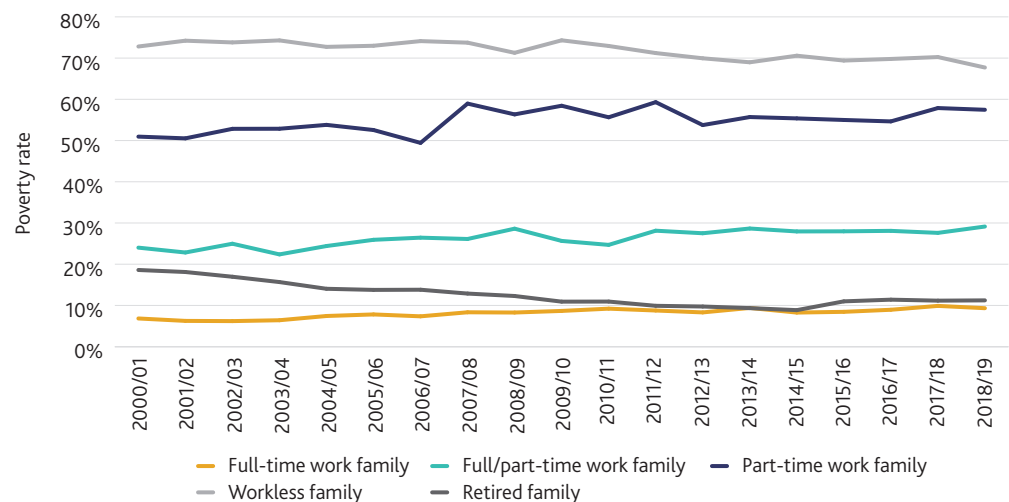
	Full-time work family	Full/part-time work family	Part-time work family	Workless family
Single, no children	9	21	52	72
Lone parent	28	42	61	77
Couple, no children	3	16	44	73
Couple with children	12	38	69	86

Notes: To provide a sufficient sample size, estimates for each family type are presented as three-year averages, in line with current HBAI approaches. As such, the 2018/19 figure represents averages of figures from 2016/17–2018/19. Full/part-time working families refer to the overall mix of adults in the sharing unit. As such, single person families or lone parents could be in a sharing unit with other adults leading to their allocation into this group, depending on the work status of the other adults.

Source: Family Resources Survey and HBAI dataset (2016/17 - 2018/19), SMC Analysis.

Figure 24 shows how the poverty rate for each of the family work statuses, has changed over time. The most significant changes are seen in the poverty rate amongst part-time work families, which rose by eight percentage points (to 59%) between 2000/01 and 2007/08 and has remained at around this level since. In contrast, the poverty rate for workless families was relatively stable between 2000/01 and 2007/08, but has fallen by six percentage points since then.

Figure 24: Poverty rates for the UK population, by family work status, over time



Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

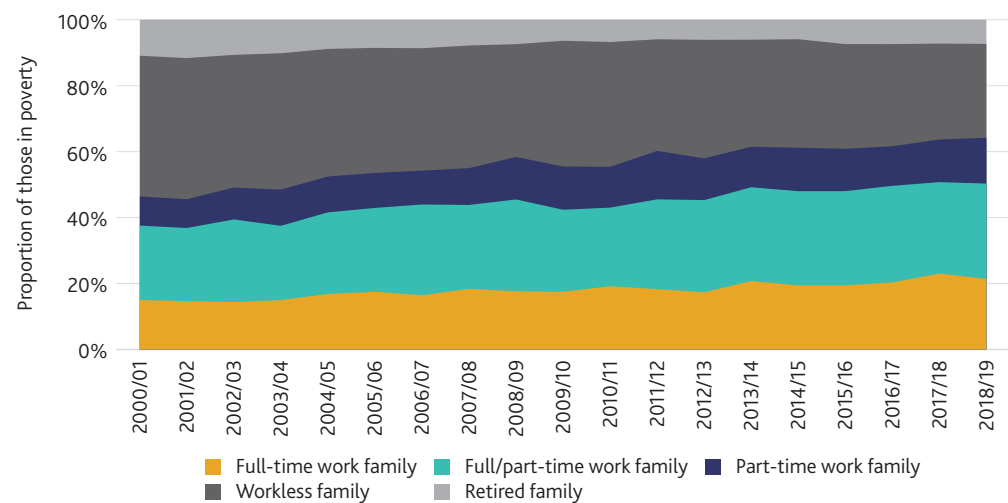
Whilst poverty rates are far lower for families where adults work, employment levels in the UK have increased significantly over the last two decades, leaving a lower proportion of adults and children living in workless families. This has contributed significantly to the fact that the composition of poverty in the UK has shifted towards families where someone works at least part time.

Figure 25 shows that nearly two thirds (64%) of those in poverty live in families where at least one person is working part time. The equivalent figure in 2007/08 was 55%, and in 2000/01 was 46%. Whilst some of these changes are driven by changes in poverty rates (shown above) changes in the number of people in workless and working families are a significant driver.

This is because, as more people have moved into work, the proportion of working-age adults and children living in workless families has fallen from 14% in 2000/01 to 10% of the population in 2018/19. Over the same time period, the proportion of working-age adults and children in working families has increased from 86% to 89%.

Whilst people in these working families might still be in poverty, they are likely to experience shallower and less persistent poverty than would have been the case if they were in workless families, as shown in the Feature Section in this report

Figure 25: Composition of poverty, by family work status



Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

Housing tenure

Figure 26 demonstrates how people in poverty in the UK are split between families in different housing tenures. The majority (70%) of people in poverty are in the social- or private-rented sector.

Figure 26: Composition of poverty and poverty rates in the UK, by housing tenure, 2018/19

14.4 million people in poverty in the UK (2018/19), comprised of:

5,300,000



People in families living in social-rented accommodation

4,700,000



People in families living in private-rented accommodation

2,700,000



People in families living in mortgaged-owned accommodation

1,700,000



People in families living in owned-outright accommodation

Poverty rates in the UK (2018/19):

49%

Of people in families living in social-rented accommodation are in poverty

37%

Of people in families living in private-rented accommodation are in poverty

12%

Of people in families living in mortgaged-owned accommodation are in poverty

9%

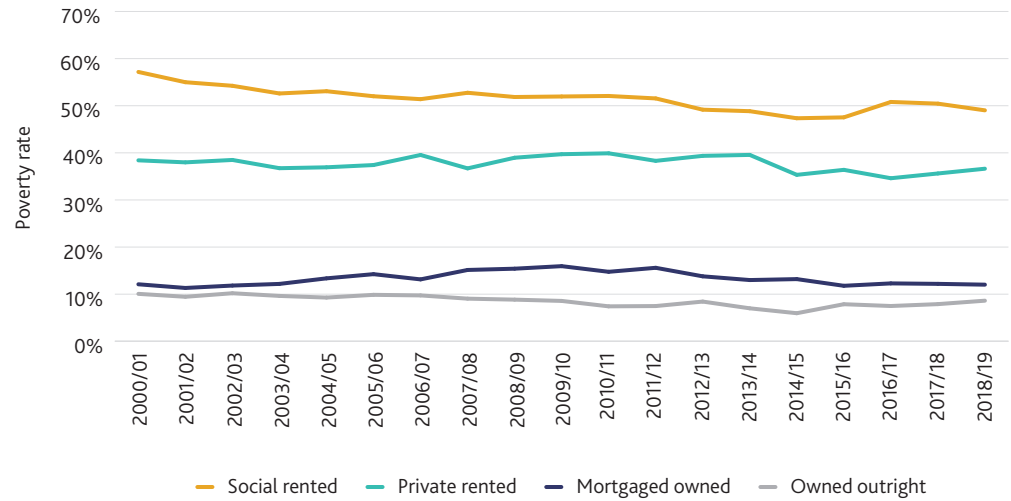
Of people in families living in owned-outright accommodation are in poverty

Notes: Figures have been rounded, so may not sum perfectly. Tenure is derived from HBAI tenure type variables at the benefit unit level. This allows specific benefit units within the sharing unit (e.g. someone renting a room in a house their sibling owns) to be classified separately from other benefit units. This applies to all estimates for housing tenure in this section.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

There have also been changes in the overall poverty rates for people living in different housing tenures. Figure 27 shows that poverty rates amongst those in social-rented accommodation remain significantly higher than for those in other tenure types, despite having fallen over the last 15 years. Poverty rates for owner-occupiers and those in the private-rented sector in 2018/19 are broadly in line with those in 2000/01.

Figure 27: Poverty rates for the UK population, by housing tenure, over time

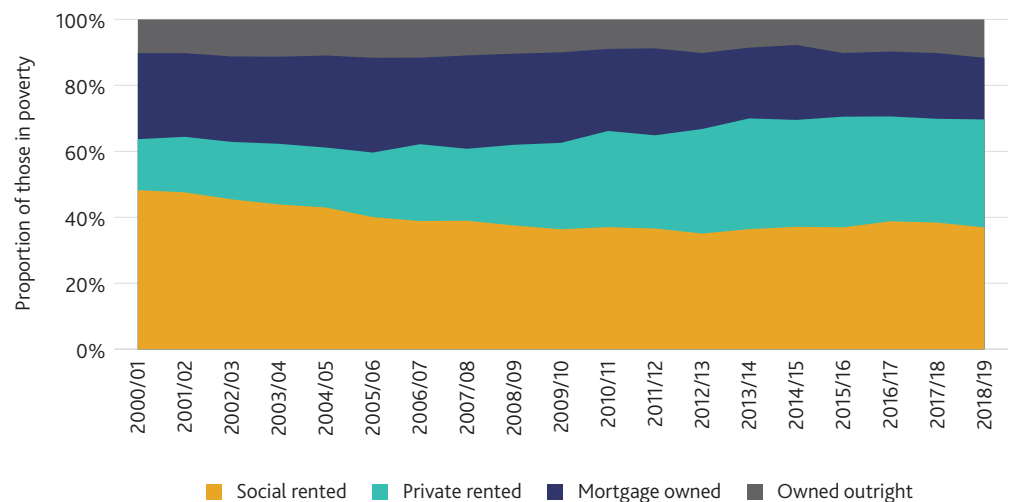


Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

Whilst poverty rates for those in private-rented accommodation have remained steady since 2000/01, there has been a significant increase in the proportion of those in poverty that live in the private-rented sector. Having only accounted for 15% of the population in poverty in 2000/01, this group now account for a third (33%) of the population in poverty.

This has been driven by a large increase in the overall UK population who live in the private-rented sector; rising from 9% of the population in 2000/01 to 20% in 2018/19.

Figure 28: Composition of poverty, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Ethnicity

Nearly half (46%, 900,000 people) of all people living in families where the household head is Black/African/Caribbean/Black British were in poverty, compared to just under one in five (19%, 10.7 million people) of those living in families where the head of household is White.

Figure 29: Composition of poverty and poverty rates in the UK, by ethnic group of household head, 2018/19

14.4 million people in poverty in the UK (2018/19), comprised of:

10,700,000



People in families with a head of household who is White

200,000



People in families with a head of household who is from a mixed/multiple ethnic group

1,900,000



People in families with a head of household who is Asian/Asian British

900,000



People in families with a head of household who is Black/African/Caribbean/Black British

400,000



People in families with a head of household who is from any other ethnic group

Poverty rates in the UK (2018/19):

19%

Of people in families living with a head of household who is White are in poverty

32%

Of people in families living with a head of household who is from a mixed/multiple ethnic group are in poverty

39%

Of people in families living with a head of household who is Asian/Asian British are in poverty

46%

Of people in families living with a head of household who is Black/African/Caribbean/Black British are in poverty

42%

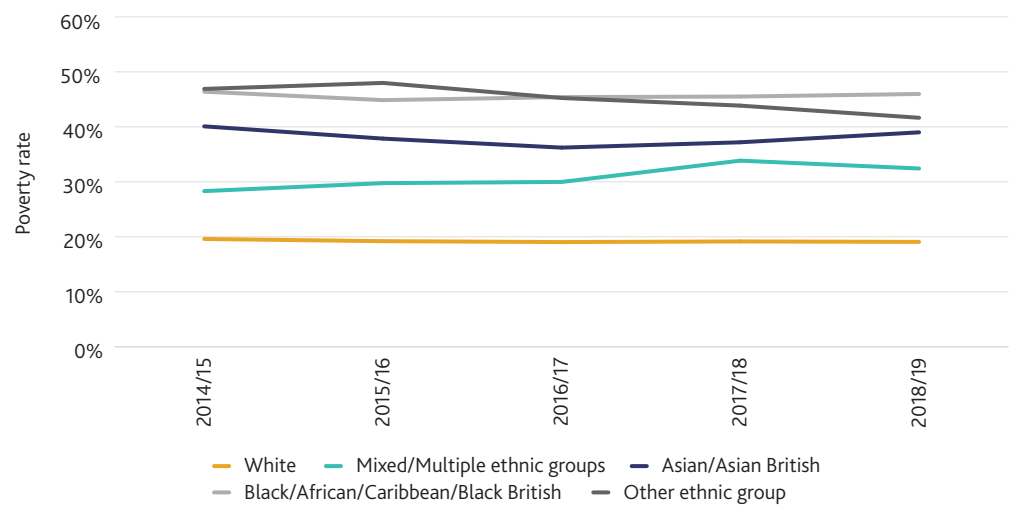
Of people in families living with a head of household who is from any other ethnic group are in poverty

Notes: Figures have been rounded, so may not sum perfectly. To ensure sufficient sample sizes, analysis by ethnic group is presented as three-year averages. This is in line with current HBAI approaches. The harmonised standards for ethnicity questions were fully adopted across the UK from the 2012/13 questionnaire onwards. Analysis by ethnicity therefore only begins in that year and results are only presented from 2014/15 due to three-year averaging. Individuals have been classified according to the ethnic group of the household head. This applies to all estimates for ethnicity in this section.

Source: Family Resources Survey and HBAI dataset (2016/17 - 2018/19), SMC analysis.

Figure 30 shows that, since 2014/15^{vi}, around one in five (20%) people in families where the head of household is White are in poverty. Whilst relatively small sample sizes mean that drawing inferences from year-on-year changes should be treated with caution, poverty rates for people in families where the head of household is from some another ethnic groups have increased a little over recent years. For example, poverty rates for families where the head of household is from a mixed / multiple ethnic background have increased modestly over the period since 2014/15.

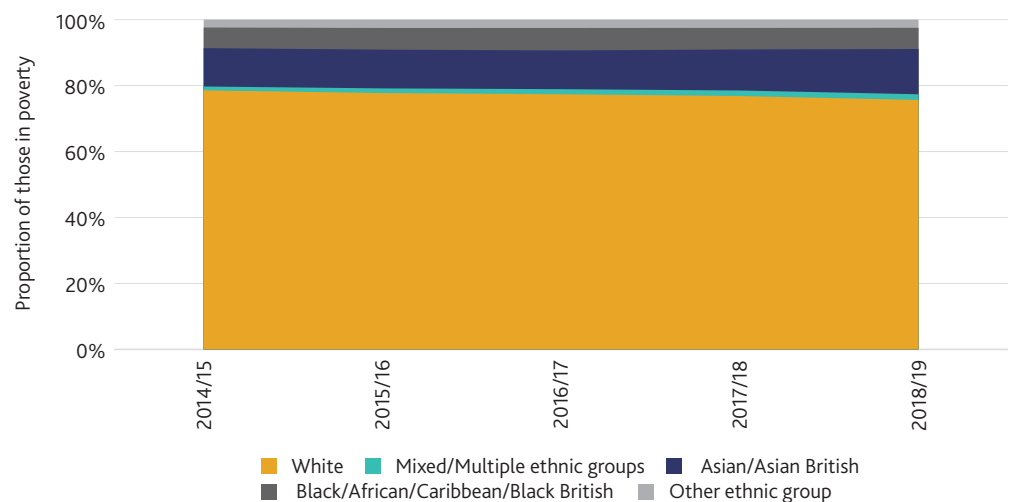
Figure 30: Poverty rates for the UK population, by ethnic group of household head, over time



Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

The overall composition of poverty over the years since 2014/15 has remained relatively constant, with only a slight fall in the overall proportion of those in poverty accounted for people in families where the head of household is White.

Figure 31: Composition of poverty, by ethnic group of household head



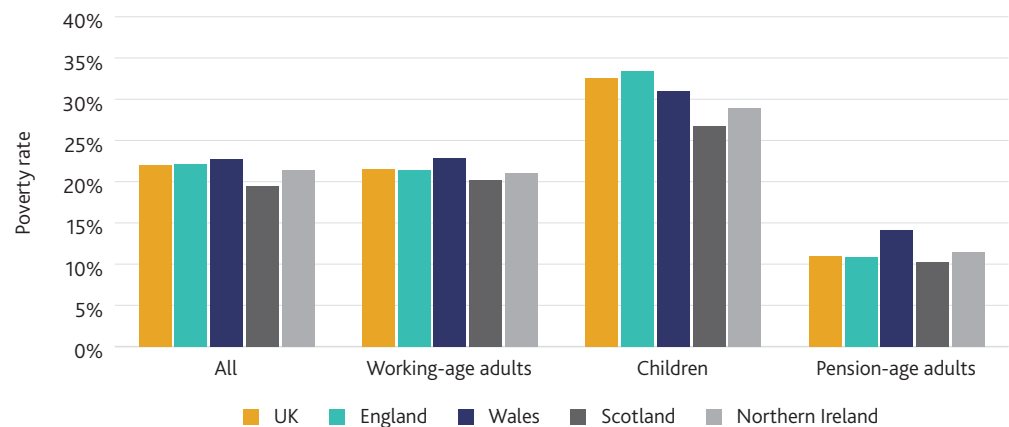
Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

POVERTY ACROSS THE UK

UK countries

This section considers poverty across different parts of the UK. Figure 32 shows poverty rates overall for each country and also split by working-age adults, children and pensioners. Compared to the UK average, poverty rates are generally higher for people living in Wales and lower for those living in Scotland and Northern Ireland.

Figure 32: Poverty rates for the UK population, by country and age, 2018/19

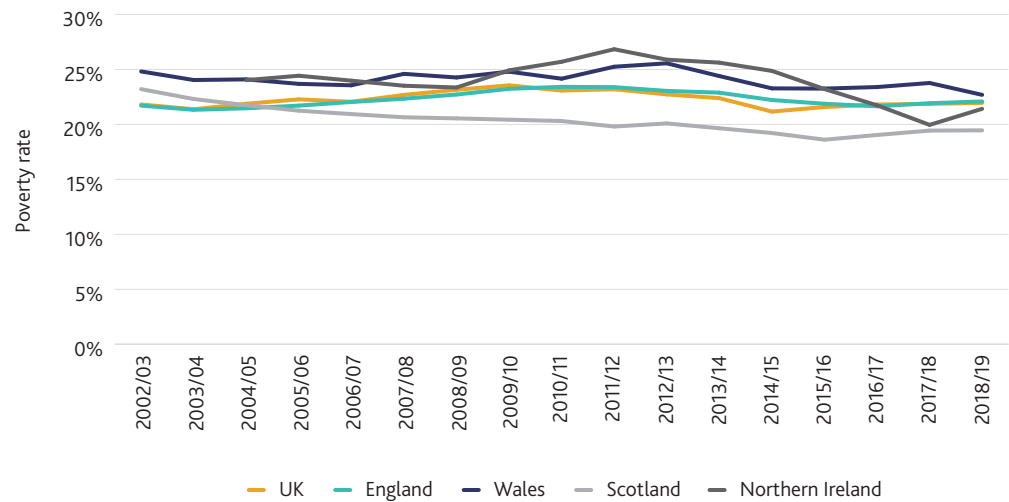


Notes: To provide a sufficient sample size, estimates for each country are presented as three-year averages, in line with current HBAI approaches. As such, the 2018/19 figure represents averages of figures from 2016/17–2018/19. This applies to all sub-national estimates in this section.

Source: Family Resources Survey and HBAI dataset (2016/17 - 2018/19), SMC analysis.

Figure 33 shows how poverty rates in each of the four nations have varied over time. Overall poverty rates in England, Northern Ireland and Wales have broadly followed the overall trends in the UK poverty rate; falling slowly in the early 2000s, rising during the financial crisis and recession and then falling post-recession. Poverty in Scotland has followed a slightly different trajectory, where up to 2015/16 the poverty rate had been on a steady downward trend up to 2015/16 but has plateaued since then. Despite the indication of a slight increase in the most recent data, Northern Ireland has seen the largest reductions in poverty rates post-financial crisis (from 27% in 2011/12 to 21% in 2018/19).

Figure 33: Poverty rates for the UK population, by country, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Table 3 shows how the poverty rates for people living in different types of families vary across the countries in the UK.

Table 3: Poverty rates for the UK population, by family type and country, 2018/19

	England	Wales	Scotland	Northern Ireland
Single, no children	26%	31%	27%	26%
Lone parent	52%	45%	44%	48%
Couple, no children	11%	13%	12%	12%
Couple with children	26%	25%	20%	21%
Pensioner, single	15%	16%	11%	13%
Pensioner couple	9%	13%	10%	11%

Source: Family Resources Survey and HBAI dataset (2016/17 - 2018/19), SMC analysis.

Areas within England

Differences in poverty rates between English regions are larger than between the countries of the UK. For example, figure 34 shows that the overall poverty rate in London (29%) is 10 percentage points or more higher than in the South West, South East, and East of England (18%) and the East Midlands (19%). Other regions with particularly high overall poverty rates include the North East (26%), Yorkshire and Humber (24%) and the West Midlands (24%).

Differences in the overall poverty rate across English regions are also reflected in the poverty rates for working-age adults, children and pension-age adults (table 4).

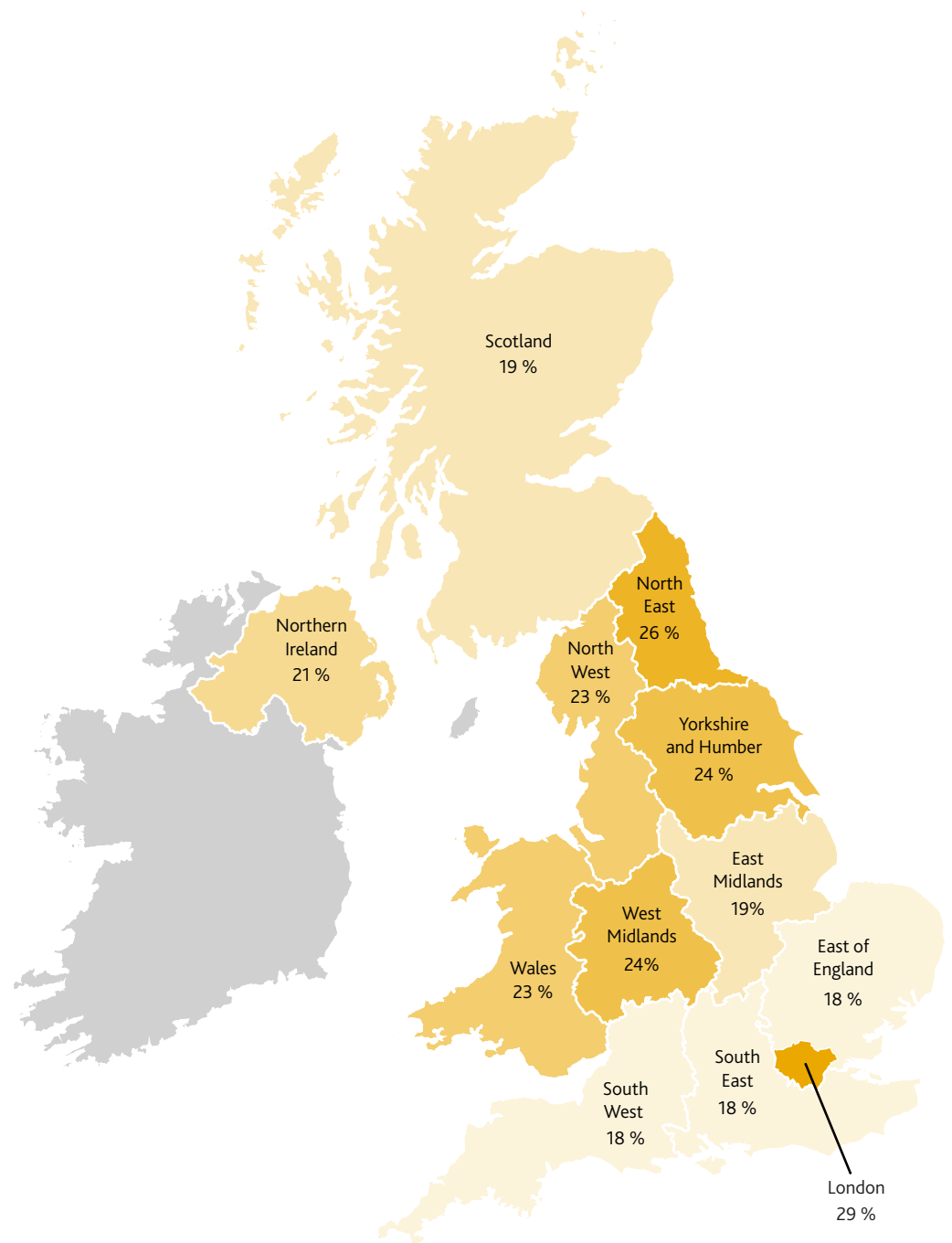
Table 4: Poverty rates for the UK population, by English region and age, 2018/19

	All		Working-age adults		Children		Pension-age adults	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
London	2,500,000	29 %	1,500,000	26 %	800,000	43 %	200,000	18 %
North East	700,000	26 %	400,000	26 %	200,000	39 %	100,000	11 %
Yorkshire and Humber	1,300,000	24 %	800,000	24 %	400,000	35 %	100,000	11 %
West Midlands	1,400,000	24 %	800,000	23 %	500,000	37 %	100,000	12 %
North West	1,700,000	23 %	1,000,000	22 %	500,000	35 %	200,000	13 %
East Midlands	900,000	19 %	500,000	19 %	300,000	29 %	100,000	9 %
East of England	1,100,000	18 %	600,000	18 %	400,000	28 %	100,000	9 %
South East	1,600,000	18 %	1,000,000	18 %	500,000	27 %	100,000	8 %
South West	1,000,000	18 %	600,000	18 %	300,000	28 %	100,000	8 %
England	12,100,000	22 %	7,100,000	21 %	3,900,000	33 %	1,100,000	11 %

Notes: To provide a sufficient sample size, estimates for each region are presented as three-year averages, in line with current HBAI approaches. As such, the 2018/19 figure represents averages of figures from 2016/17–2018/19. This applies to all regional estimates in this section.

Source: Family Resources Survey and HBAI dataset (2016/17 - 2018/19), SMC analysis.

Figure 34: Poverty rates for the UK population, by English region, 2018/19



Source: Family Resources Survey and HBAI dataset (2016/17 - 2018/19), SMC analysis.

SECTION FOUR: UNDERSTANDING THE NATURE OF POVERTY

POVERTY DEPTH

The Commission’s approach to measuring the depth of poverty ensures that it is possible to understand the distribution of poverty underneath the poverty line. The Commission’s research also demonstrates that those only just above the poverty line were some of the most likely families to be in poverty in future, and are likely to be experiencing a similar standard of living as those who are beneath it. For this reason, the Commission’s approach to measuring depth of poverty also identifies those who are just above the poverty line.

DEPTH BELOW THE POVERTY LINE

Table 5 shows that 8.7 million people in the UK (13% of the population) are more than 25% below the poverty line, meaning that their total resources available would need to increase significantly for them to be out of poverty. Around 2.3 million people are less than 10% below the poverty line, meaning that relatively small changes in their circumstances could mean that they are above the poverty line.

Table 5: Breakdown of depth of poverty for those in poverty, 2018/19

Distance below poverty line	Number of people	% of UK population
<=5% below the poverty line	1,000,000	2
5%-10% below the poverty line	1,200,000	2
10%-25% below the poverty line	3,400,000	5
25%-50% below the poverty line	4,200,000	6
>=50% below the poverty line	4,500,000	7

Notes: Figures have been rounded, so may not sum perfectly. For poverty calculations, where families were directly on a given threshold, they were treated as being above it, as their resources would be defined as being equal to their poverty-level needs. This approach was also applied to the various categories of poverty depth in this section.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

CLEARANCE ABOVE THE POVERTY LINE

Table 6 shows that, as well as those under the poverty line, another 4% of the population (close to 2.5 million people) are less than 10% above the poverty line, meaning that small changes to their situation could mean that they fall below the poverty line.

Table 6: Breakdown of those above the poverty line, 2018/19

Distance above poverty line	Number of people	% of UK population
<=5% above the poverty line	1,200,000	2
5%-10% above the poverty line	1,300,000	2
10%-25% above the poverty line	3,600,000	6
25%-50% above the poverty line	5,500,000	8
>=50% above the poverty line	39,500,000	60

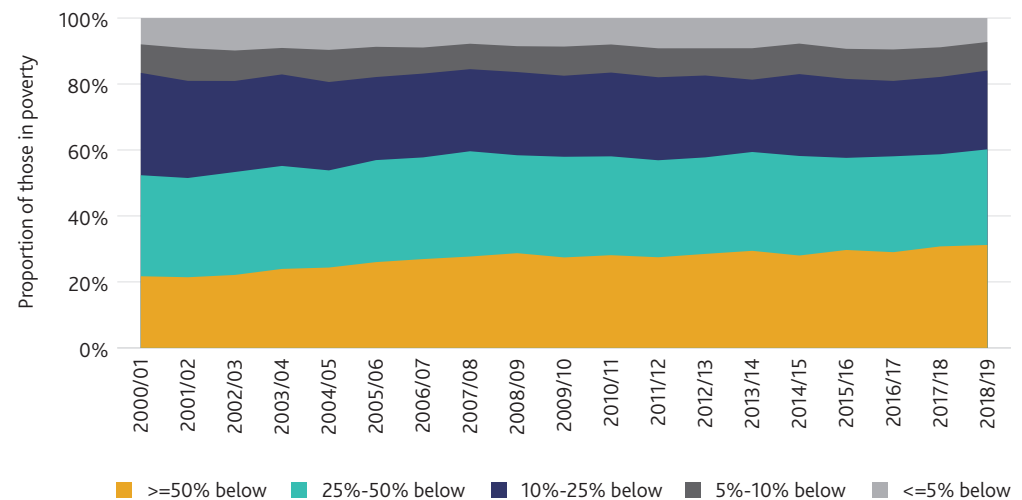
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Changing poverty depth over time

Figure 35 shows the composition of poverty by the depth of poverty that families experience. It shows that, since 2000/01, those in the deepest level of poverty (more than 50% below the poverty line) have represented an increasing share of all of those in poverty. In 2000/01, 22% of those in poverty could be found more than 50% below the poverty line. By 2018/19, this group in the deepest level of poverty accounted for 31% of all of those in poverty. This sort of analysis is a key advantage of the Commission's measurement framework, as this group would have been less apparent under previous measures of poverty that tended to focus on the overall number of people beneath the headline poverty line.

Figure 35: Composition of poverty, by poverty depth



Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Poverty depth across English regions and UK countries

Table 7 shows how experiences of poverty depth for those in poverty vary across the regions and countries of the UK. Four in ten (40%) people living in poverty in London are in deep poverty (at least 50% below the poverty line). This compares to two in ten (20%) of those living in poverty in the North East.

Table 7: Poverty depth for those in poverty, by country and English region, 2018/19

	<=10% below	10%- 25% below	25%- 50% below	>=50% below
London	13	17	29	40
North East	18	29	33	20
Yorkshire and Humber	20	26	28	26
West Midlands	19	26	29	26
North West	19	23	30	27
East Midlands	21	20	28	31
East of England	16	26	28	30
South East	15	23	27	35
South West	21	23	30	26
Wales	21	24	25	29
Northern Ireland	21	29	26	24
Scotland	17	26	29	28
UK	16	24	29	31

Source: Family Resources Survey and HBAI dataset (2016/17 - 2018/19), SMC Analysis.

Notes: To provide a sufficient sample size, the first two depth categories (<=5% below the poverty line and 5%-10% below the poverty line) have been combined. The estimates for each region are also presented as three-year averages, to provide a sufficient sample size, in line with current HBAI approaches. As such, the 2018/19 figure represents averages of figures from 2016/17–2018/19.

POVERTY PERSISTENCE


The Commission defines persistent poverty as the situation where a person lives in a family that is currently in poverty and was also in poverty for at least two out of the last three years. A range of research has shown that those experiencing longer spells of poverty can be more detrimentally impacted.^{xvii}

PERSISTENT POVERTY IN THE UK

Based on this definition, 50% of those in poverty in 2017/18 were in persistent poverty. That means that 11% of the whole population, or 7.1 million people, were in persistent poverty in 2017/18. Rates of persistent poverty vary by age group, with 18% of all children in the UK living in persistent poverty, compared to just 3% of pension-age adults.

Figure 36: Persistent poverty in the UK, 2017/18

7.1 million people in persistent poverty in the UK (2017/18), comprised of:

4,300,000

 Working-age adults

2,400,000

 Children

500,000

 Pension-age adults

Poverty rates in the UK (2017/18):

50%
 Of all people in poverty are in persistent poverty

11%
 Of the whole UK population are in persistent poverty

12%
 Of working-age adults in the UK are in persistent poverty

18%
 Of children in the UK are in persistent poverty

3%
 Of pension-age adults are in persistent poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Understanding Society (2012/13 – 2017/18), SMC analysis.

PERSISTENT POVERTY OVER TIME

Table 8 demonstrates how persistent poverty has changed since 2014/15. It suggests that the proportion of those in poverty who are also in persistent poverty has fallen for all age groups since 2014/15.^{xviii}

Table 8: Persistent poverty by age group, over time

	All		Working-age adults		Children		Pension-age adults	
	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty	% of all working-age adults in poverty who are also in persistent poverty	% of all working-age adults (regardless of poverty status) who are in persistent poverty	% of all children in poverty who are also in persistent poverty	% of all children (regardless of poverty status) who are in persistent poverty	% of all pension-age adults in poverty who are also in persistent poverty	% of all pension-age adults (regardless of poverty status) who are in persistent poverty
2014/15	54	10	55	11	54	16	43	3
2015/16	56	11	58	12	58	18	41	3
2016/17	49	11	51	11	52	17	30	3
2017/18	50	11	52	12	53	18	34	3

Source: Understanding Society (2009/10 – 2017/18), SMC analysis.

PERSISTENT POVERTY FOR DIFFERENT GROUPS

This section demonstrates the proportion of various in-poverty groups who are also in persistent poverty (for example, the proportion of those single adults in poverty, who are also in persistent poverty), as well as the proportion of the overall group who are in poverty (for example, the proportion of all single adults who are in persistent poverty).

Table 9 shows this for different family types. It shows that some family types in poverty are more likely than others to be experiencing persistent poverty. For example, 58% of all people living in lone-parent families in poverty are also in persistent poverty. The proportion is lower for people living in poverty in a couple family without children, where 45% of people in poverty in this group are also in persistent poverty. The likelihood of persistent poverty is much lower for people in poverty in pension-age families, where only 31% of people in single pension-age families and 37% of people in pension-age couple families in poverty are also in persistent poverty.

Rates of persistent poverty across each of these groups are also different. For example, 26% of all of those living in lone-parent families live in persistent poverty, compared to 14% of those in couple families with children and 6% of people living in couple families with no children.

Table 9: Persistent poverty for people living in different family types, 2017/18

	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty
Single, no children	54	13
Lone parent	58	26
Couple, no children	45	6
Couple with children	51	14
Pensioner, single	31	4
Pensioner couple	37	3

Source: Understanding Society (2009/10 – 2017/18), SMC analysis.

Table 10 shows a breakdown of persistent poverty for people living in families with different work statuses. It shows that, as with overall poverty rates, persistent poverty rates and the proportion of those in poverty who are also in persistent poverty are strongly associated with work intensity. Overall, the closer to full-time work a family gets, the less likely they are to be in persistent poverty.

For example, just 3% of those living in a family where all adults work full time are in persistent poverty, compared to 30% of those living in a workless family. Equally, 46% of all people living in poverty in families where all adults work full time are also in persistent poverty, compared to 58% of people living in a workless family.

Table 10: Persistent poverty for people living in families with different work statuses, 2017/18

	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty
Retired family	34	3
Full-time work family	46	3
Full/part-time work family	48	13
Part-time work family	49	23
Workless family	58	30

Notes: Family work status allocated in accordance with the approach summarised in the previous section.

Source: Understanding Society (2009/10 – 2017/18), SMC analysis.

Table 11 shows a breakdown of persistent poverty for people living in families at different depths of poverty. The results show that those in the deepest levels of poverty are much more likely to be in persistent poverty than those who are closest to the poverty line. Less than four in ten (38%) of those closest to the poverty line (less than 5% below) are also in persistent poverty, compared to more than half (55%) of those who are 50% below the poverty line.

Table 11: Persistent poverty for people living in families at different depths of poverty, 2017/18

	% of all people in poverty who are also in persistent poverty
Living in a family <=5% below the poverty line	38
Living in a family 5%-10% below the poverty line	41
Living in a family 10%-25% below the poverty line	52
Living in a family 25%-50% below the poverty line	48
Living in a family >=50% below the poverty line	55

Source: Understanding Society (2009/10 – 2017/18), SMC analysis.

Table 12 shows a breakdown of persistent poverty by whether people live in a family that includes a disabled person. Rates of persistent poverty, and the likelihood of persistent poverty amongst people living in poverty, are higher for people living in a family that includes someone who is disabled.

Table 12: Persistent poverty by whether family includes a disabled adult, 2017/18

	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty
Living in a family where one or more adults are disabled	53	12
Living in a family where no adults are disabled	50	10

Notes: Disability figures in the table only cover individuals aged 16 and over as the data does not contain information on children’s disability status.

Source: Understanding Society (2009/10 – 2017/18), SMC analysis.

Table 13 shows that the majority of people in poverty who live in social- (61%) and private-rented (57%) accommodation are also in persistent poverty. This compares to just over a third of those in poverty in owner-occupied accommodation.

Overall, people living in both social- and private-rented accommodation are also much more likely to be in persistent poverty than those living in families that owner-occupy. For example, three in ten (28%) of all people in social-rented accommodation are in persistent poverty, compared to just 6% of those in mortgage-owned accommodation. More than a quarter (28%) of all people living in social-rented accommodation live in persistent poverty, compared to just 6% of those living in mortgage-owned accommodation and 23% in the private-rented sector.

Table 13: Persistent poverty by housing tenure, 2017/18

	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty
Living in a family in social-rented accommodation	61	28
Living in a family in private-rented accommodation	57	23
Living in a family in mortgage-owned accommodation	37	6
Living in a family in owned-outright accommodation	36	3

Source: Understanding Society (2009/10 – 2017/18), SMC analysis.

Table 14 shows poverty persistence is much more prevalent for Black and Minority Ethnic groups. People in Black and Minority Ethnic families are between two and three times more likely to be in persistent poverty than people in White families. For example, three in ten people (28%) living in families with a mixed/multiple ethnic head of household are in persistent poverty, compared to 10% of those living in families with a White head of household. However, 80% of those in persistent poverty live in families with a head of household who is White.

Table 14: Persistent poverty by ethnicity of household reference person, 2017/18

	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty
Living in a family where the household reference person is White	48	10
Living in a family where the household reference person is from a mixed/multiple ethnic group	71	28
Living in a family where the household reference person is Asian/Asian British	61	22
Living in a family where the household reference person is Black/African/Caribbean/Black British	65	28
Living in a family where the household reference person is from any other ethnic group	63	23

Notes: Understanding Society collects certain information on household reference persons rather than household heads. A household reference person is defined as the owner or renter of the accommodation in which the household lives. If there are multiple owners or renters, the default is the eldest of them is the household reference person.

Source: Understanding Society (2009/10 – 2017/18), SMC analysis.

LIVED EXPERIENCE INDICATORS

The previous sections outlined more detail on the incidence, depth and persistence of poverty. This section provides more detail on a wider set of measures of some of the factors that affect the lived experience of people in poverty. A key reason for the importance of this is to ensure that policymakers can consider the widest range of policy tools available to them to tackle the impacts and reduce the incidence of poverty.

As highlighted in last year's report, the Commission's approach is limited by the extent to which data on these factors can be linked to the measure of poverty (in the data sources that we are using). As such, Lived Experience Indicators were selected based on data availability and the themes that the Commission viewed as being important to understanding the nature of poverty. A range of indicators have been developed under five domains:

1. Family, relationships and community;
2. Education;
3. Health;
4. Family finances; and
5. Labour market opportunity.

Within each of these, a number of indicators have been analysed to understand the differences between families in poverty and those not in poverty. These indicators have also been analysed to show how they have changed for people in poverty both since the last time they were reported in the survey and since the first time they were reported in the survey. For indicators based on the Understanding Society survey, this is only possible over a relatively short timescale, but as more waves become available, longer-term reporting will be possible.

The results below demonstrate that, across a wide range of indicators, people in poverty are experiencing disadvantage, or a number of factors that are likely to negatively impact on either their experience of poverty today, or the likelihood that they can move out of and avoid poverty in future.

FAMILY, RELATIONSHIPS AND COMMUNITY

Just 5% of people not in poverty live in lone-parent families, compared to nearly one in five (17%) of those in poverty. People in poverty are also more likely both to be in families where no one is a member of an organisation (61% of people in poverty compared to 35% of those not in poverty) and to be in families that think that people in their neighbourhood cannot be trusted (21% of people in poverty compared to 9% of those not in poverty). People in poverty are also more likely to live in families where someone feels unsafe walking alone at night (29% compared to 22% of those not in poverty) and are more likely to be in families that do not like living in their current neighbourhood (13% compared to 6% of those not in poverty).

Table 15: Family, relationships and community domain of Lived Experience Indicators, by poverty status

	Proportion of people in poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
Single adults	23	17
Lone parent families	17	5
Single pensioners	5	8
Adults in family rarely or never feel close to others	8	4
One or more youths in family does not feel supported by their family/people who they live with	3	3
One or more adults in family feels unsafe walking alone at night	29	22
One or more adults in family worries about being affected by crime	50	50
One or more adults in family does not like living in current neighbourhood	13	6
One or more adults in family spends time caring for someone	30	31
One or more adults in family perceives local services as poor	42	42
One or more adults in family thinks people in their neighbourhood cannot be trusted	21	9
No adults in family are members of an organisation	61	35
One or more adults in family is not willing to improve neighbourhood	16	14
Family's average size of social network is below 5 close friends	64	54

Source: Family Resources Survey and HBAI dataset (2018/19) and Understanding Society (2014/15 - 2017/18), SMC analysis.

There have been some positive changes in these indicators over the last few years. In particular, fewer people in poverty are living in families where someone feels unsafe walking alone at night (down by six percentage points) or where someone worries about being affected by crime (down four percentage points). There have also been reductions in the proportion of people in poverty who live either in lone-parent or single pensioner families. For example, since 2000/01 the proportion of people in poverty who live in lone-parent families has fallen by seven percentage points.

Table 16: Changes over time in family, relationships and community domain of Lived Experience Indicators

	Proportion of people in poverty who have characteristic listed		
	This year	Change since last data (percentage point)	Change since earliest data (percentage point)
Single adults	23	1	5
Lone parent families	17	-1	-7
Single pensioners	5	0	-3
Adults in family rarely or never feel close to others	8	-3	-
One or more youths in family does not feel supported by their family/people who they live with	3	0	-2
One or more adults in family feels unsafe walking alone at night	29	-6	-
One or more adults in family worries about being affected by crime	50	-4	-
One or more adults in family does not like living in current neighbourhood	13	-3	-
One or more adults in family spends time caring for someone	30	-1	1
One or more adults in family perceives local services as poor	42	1	-
One or more adults in family thinks people in their neighbourhood cannot be trusted	21	0	-
No adults in family are members of an organisation	61	5	2
One or more adults in family is not willing to improve neighbourhood	16	0	3
Family's average size of social network is below 5 close friends	64	-2	2

Notes: '-' indicates that data is not available for this period. The Lived Experience Indicators use data from a range of survey years as not all questions are asked every year. See Annex 3 for details on the years that each of the indicators are drawn from.

Source: Family Resources Survey and HBAI dataset (2000/01 - 2018/19) and Understanding Society (2011/12 - 2017/18), SMC analysis.

EDUCATION

Educational outcomes amongst people living in families in poverty are worse than for those not in poverty. For example, one in five (20%) people in poverty live in a family where no one has any formal qualifications, compared to less than one in ten (8%) of those in families not in poverty. Additionally, nearly one in three (28%) people in poverty live in families where the highest qualification is below 5A*-C GCSEs or equivalent, compared to only 13% of those in families not in poverty.

Table 17: Education and labour market opportunity domain of Lived Experience Indicators, by poverty status

	Proportion of people in poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
No one in family has any formal qualifications	20	8
All adults have highest qualification that is below 5A*-C GCSEs or equivalent	28	13

Source: Family Resources Survey and HBAI dataset (2018/19) and Understanding Society (2014/15 - 2017/18), SMC analysis.

Table 18: Changes over time in labour market opportunity domain of Lived Experience Indicators

	Proportion of people in poverty who have characteristic listed		
	This year	Change since last data (percentage point)	Change since earliest data (percentage point)
No one in family has any formal qualifications	20	1	-4
All adults have highest qualification that is below 5A*-C GCSEs or equivalent	28	0	-2

Notes: The Lived Experience Indicators use data from a range of survey years as not all questions are asked every year. See Annex 3 for details on the years that each of the indicators are drawn from.

Source: Family Resources Survey and HBAI dataset (2000/01 - 2018/19) and Understanding Society (2011/12 - 2017/18), SMC analysis.

HEALTH

There are some large differences between people in poverty and those not in poverty in the health domain. For example, half (50%) of people in poverty live in a family that includes a disabled person, compared to 36% of people who are not in poverty. The prevalence of self-reported mental health concerns is 10 percentage points higher amongst people living in families that are in poverty (34%), than amongst those who do not live in a family that is in poverty (24%).

Table 19: Health domain of Lived Experience Indicators, by poverty status

	Proportion of people in poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
In a family that includes a disabled adult or child	50	36
One or more adults in family with poor self-reported physical health	24	21
One or more adults in family with poor self-reported mental health	34	24
One or more adults in family with low life satisfaction	17	13
One or more adults in family with low health satisfaction	24	19
One or more youths in family has drunk to excess in last four weeks	45	62
One or more adults in family has drunk to excess in the last year	58	67
One or more adults in family smokes cigarettes (not incl. e-cigarettes)	36	20
One or more youths in family has used or taken illegal drugs at least once in the last year	15	25

Source: Family Resources Survey and HBAI dataset (2018/19) and Understanding Society (2014/15 - 2017/18), SMC analysis.

Table 20 shows changes over time in the indicators of the health domain. There has been a five percentage point rise in the proportion of people in poverty that live in a family that includes a disabled adult or child. In contrast, the proportion of people in poverty living in a family where one or more people reports low health satisfaction has fallen by six percentage points.

Table 20: Changes over time in health domain of Lived Experience Indicators

	Proportion of people in poverty who have characteristic listed		
	This year	Change since last data (percentage point)	Change since earliest data (percentage point)
In a family that includes a disabled adult or child	50	2	5
One or more adults in family with poor self-reported physical health	24	-2	-1
One or more adults in family with poor self-reported mental health	34	1	3
One or more adults in family with low life satisfaction	17	0	0
One or more adults in family with low health satisfaction	24	1	-6
One or more youths in family has drunk to excess in last four weeks	45	-6	-4
One or more adults in family has drunk to excess in the last year	58	0	-
One or more adults in family smokes cigarettes (not incl. e-cigarettes)	36	-1	-3
One or more youths in family has used or taken illegal drugs at least once in the last year	15	-1	-3

Notes: '-' indicates that data is not available for this period. The Lived Experience Indicators use data from a range of survey years as not all questions are asked every year. See Annex 3 for details on the years that each of the indicators are drawn from. The question on health satisfaction appears in the adult self-completion questionnaire of Understanding Society, which shifted from paper to computer administered self-interview over the period analysed. This change is likely to contribute to the large fall in low health satisfaction recorded in the table.

Source: Family Resources Survey and HBAI dataset (2000/01 - 2018/19) and Understanding Society (2011/12 - 2017/18), SMC analysis.

FAMILY FINANCES

Results above and in table 24 below demonstrate that worklessness amongst working-age adults in poverty has fallen since 2000/01. However, nearly a third (31%) of people in poverty still live in workless families. This compares to just 4% of those not in poverty. Perhaps unsurprisingly, this is reflected in a higher proportion of people in poverty who live in families that are behind in paying their bills, report material deprivation or where adults have felt embarrassed by low income. The proportion of people in poverty who live in families where no adult saves (70%) is almost double of that of people not in poverty (38%).

Table 21: Family finances domain of Lived Experience Indicators, by poverty status

	Proportion of people in poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
Family is behind in paying bills	27	7
In a workless family	31	4
In a family reporting material deprivation	24	4
One or more adults in family with low income satisfaction	30	15
One or more adults in family has felt embarrassed by low income	43	22
No adult in family saves	70	38

Source: Family Resources Survey and HBAI dataset (2018/19) and Understanding Society (2014/15 - 2017/18), SMC analysis.

Table 22 shows that the proportion of people in poverty living in a workless family has fallen by 17 percentage points since 2000/01. Rates of dissatisfaction with low income and material deprivation along with the likelihood of being behind with paying the bills have also fallen since these indicators started to be measured.

Table 22: Changes over time in family finances domain of Lived Experience Indicators

	Proportion of people in poverty who have characteristic listed		
	This year	Change since last data (percentage point)	Change since earliest data (percentage point)
Family is behind in paying bills	27	1	-1
In a workless family	31	-1	-17
In a family reporting material deprivation	24	-1	-6
One or more adults in family with low income satisfaction	30	2	-9
One or more adults in family has felt embarrassed by low income	43	1	-
No adult in family saves	70	5	-1

Notes: '-' indicates that data is not available for this period. The Lived Experience Indicators use data from a range of survey years as not all questions are asked every year. See Annex 3 for details on the years that each of the indicators are drawn from.

Source: Family Resources Survey and HBAI dataset (2000/01 - 2018/19) and Understanding Society (2011/12 - 2017/18), SMC analysis.

LABOUR MARKET OPPORTUNITY

The proportion of working-age adults in poverty who are workless is 54%, compared to 16% of those living in families not in poverty. On average, working adults in poverty spend slightly less time traveling to work (23 minutes), compared to working adults not in poverty (27 minutes).

Table 23: Education and labour market opportunity domain of Lived Experience Indicators, by poverty status

	Proportion of people in poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
Proportion of working-age adults who are workless	54	16
Average time spent travelling to work for working adults in family (minutes)	23	27

Notes: Estimates denote percentage, unless otherwise specified in the variable description.

Source: Family Resources Survey and HBAI dataset (2018/19) and Understanding Society (2014/15 - 2017/18), SMC analysis.

More positively, the proportion of working-age adults in poverty who are workless has fallen by 10 percentage points since 2000/01.

Table 24: Changes over time in labour market opportunity domain of Lived Experience Indicators

	Proportion of people in poverty who have characteristic listed		
	This year	Change since last data (percentage point)	Change since earliest data (percentage point)
Proportion of working-age adults who are workless	54	1	-10
Average time spent travelling to work for working adults in family (minutes)	23	1	0

Notes: The Lived Experience Indicators use data from a range of survey years as not all questions are asked every year. See Annex 3 for details on the years that each of the indicators are drawn from. Estimates denote percentage, unless otherwise specified in the variable description.

Source: Family Resources Survey and HBAI dataset (2000/01 - 2018/19) and Understanding Society (2011/12 - 2017/18), SMC analysis.

Overall, these statistics begin to paint a picture of the wider experiences and challenges that people in poverty face, as well as the potential routes into and out of poverty. However, they are by no means comprehensive. More work is needed to develop a full suite of indicators that can comprehensively and regularly capture a better picture of the lived experience of people in poverty, how they compare to those who are not in poverty and how these experiences have been changing over time. As this happens, the Commission will review, build upon and constantly improve its approach to measuring the lived experience of poverty.

SECTION FIVE: DETAILED FACTSHEETS ON POVERTY BY AGE, AGE GROUP, DISABILITY STATUS AND FOR MEN AND WOMEN

POVERTY AMONGST WORKING-AGE ADULTS

There are 8.5 million working-age adults in poverty in the UK. This means that the poverty rate for working-age adults (22%) is the same as the poverty rate for the whole population.

Figure 37: Composition of working-age adult poverty and working-age adult poverty rates in the UK, 2018/19

14.4 million people in poverty in the UK (2018/19), of which:

8,500,000



Working-age adults

Poverty rates in the UK (2018/19):

22%

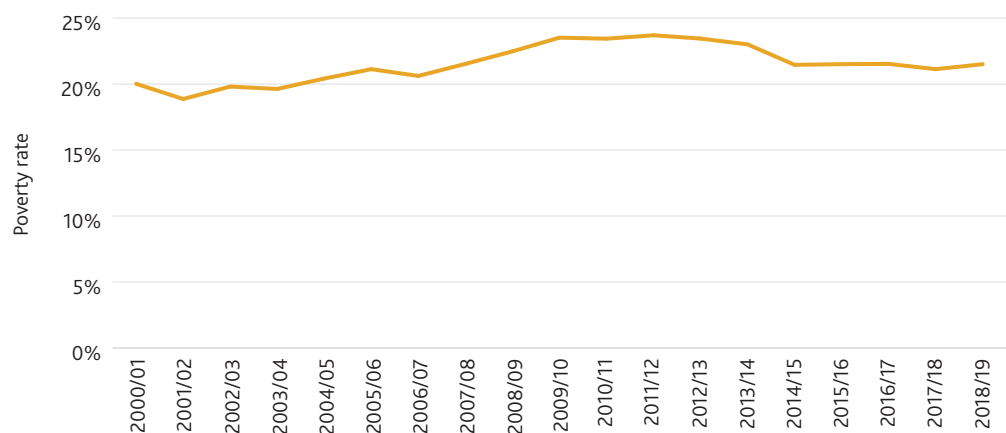
Of working-age adults are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 38 shows that, from a low of 19% in 2001/02, the poverty rate for working-age adults increased steadily to a peak of 24% between 2009/10 and 2011/12, before falling down to 22% in 2018/19. Overall, this means that the poverty rate for working-age adults is slightly higher than it was in the early 2000s.

Figure 38: Poverty rates for working-age adults, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: FAMILY TYPE

Figure 39 shows how poverty amongst working-age adults varies by the type of family in which they live. It shows that the most prevalent family type for working-age adults in poverty is a single family with no children. Together with those in couple families with no children, this means that more than half (56%) of working-age people in poverty live in families without children.

Rates of poverty for working-age adults also vary between those in different family types. The lowest poverty rate for working-age adults is for those living in couple families without children (11%), while the rate for working-age adults in lone-parent families is more than four times as high (47%).

Figure 39: Composition of poverty and poverty rates in the UK for working-age adults, by family type, 2018/19

8.5 million working-age adults in poverty in the UK (2018/19), comprised of:

3,300,000



Working-age adults in single families with no children

900,000



Working-age adults in lone-parent families

1,400,000



Working-age adults in couple families with no children

2,900,000



Working-age adults in couple families with children

Poverty rates in the UK (2018/19):

27%

Of working-age adults in single families with no children are in poverty

47%

Of working-age adults in lone-parent families are in poverty

11%

Of working-age adults in couple families with no children are in poverty

24%

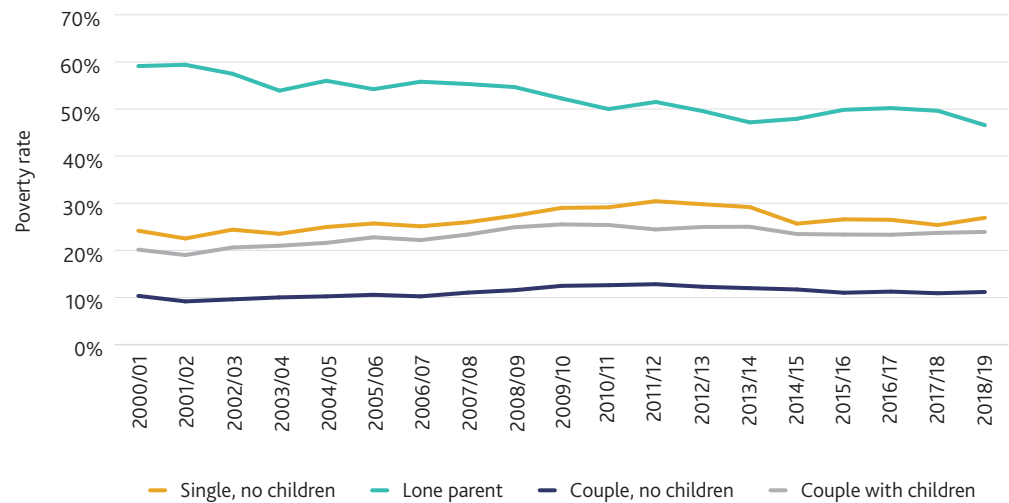
Of working-age adults in couple families with children are in poverty

Notes: Figures have been rounded, so may not sum perfectly. Family types taken from the HBAI dataset once SMC poverty indicators (assessed at the sharing unit level) have been allocated to each benefit unit. In the cases where there are working-age adults in pensioner families they are included in the aggregates, but not displayed in the breakdown above. This applies to all estimates for family type in this section.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 40 shows how poverty rates for working-age adults in different family types have changed over time. It shows that poverty rates for working-age adults in lone-parent families have fallen considerably since 2000/01 (by 13 percentage points). In contrast, poverty rates for working-age adults in couple families with children have risen by four percentage points since 2000/01. It is also worth noting that, after showing modest rises since 2013/14, the poverty rate for working-age adults in lone-parent families has fallen back to the rate seen in that year.

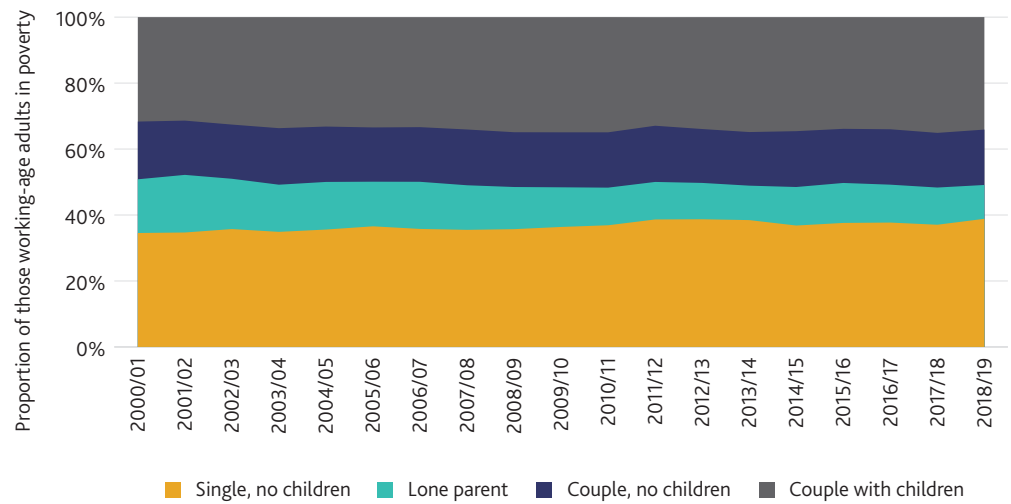
Figure 40: Poverty rates for working-age adults, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Figure 41 shows what this means for the composition of working-age adults in poverty by family type and how this has changed over time. It shows that, since 2000/01, working-age adults in childless families have accounted for around half (or just more than half) of the total population of working-age adults in poverty. The proportion of working-age adults in poverty who live in lone-parent families has fallen by six percentage points. In contrast, the proportion of working-age adults in poverty who live in single childless families or couple families with children have both risen.

Figure 41: Composition of working-age adults in poverty, by family type



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: FAMILY WORK STATUS

Figure 42 shows that 68% of working-age adults (5.6 million people) in poverty are in families where at least one person works at least a few hours. However, the overall poverty rate for working-age individuals in workless families is significantly higher (72%) than that of those in families where someone works. Less than one in ten (8%) working-age adults in families where all adults work full-time are in poverty.

Figure 42: Composition of poverty and poverty rates in the UK for working-age adults, by family work status, 2018/19

8.5 million working-age adults in poverty in the UK (2018/19), comprised of:

1,900,000



Working-age adults in full-time work families

2,400,000



Working-age adults in full/part-time work families

1,300,000



Working-age adults in part-time work families

2,600,000



Working-age adults in workless families

Poverty rates in the UK (2018/19):

8%

Of working-age adults in full-time work families are in poverty

26%

Of working-age adults in full/part-time work families are in poverty

55%

Of working-age adults in part-time work families are in poverty

72%

Of working-age adults in workless families are in poverty

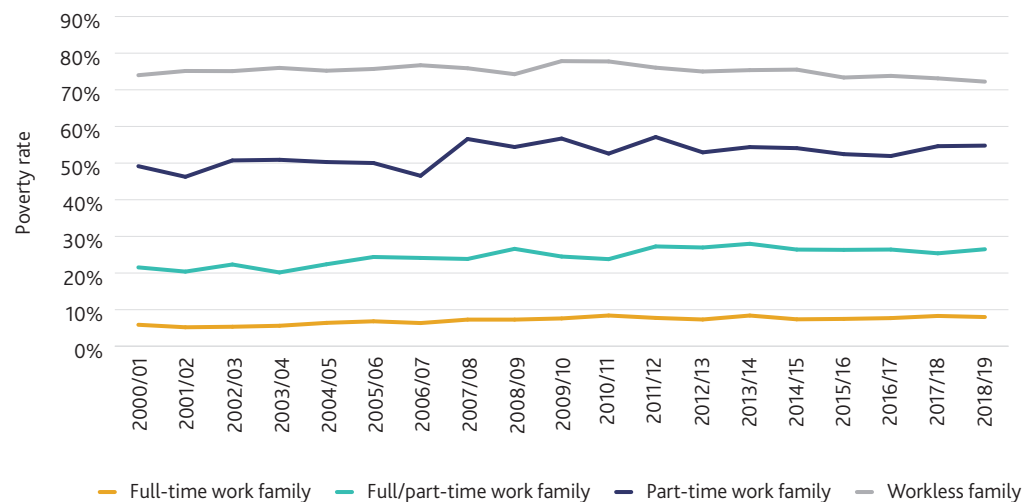
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Poverty rates for working-age adults in workless families have fallen from a peak of 78% in 2009/10 to stand at 72% in 2018/19. In contrast, poverty rates for working-age adults in full-time work families and full/part-time work families have risen by two and five percentage points respectively since 2000/01.

The most significant changes have been seen for those in part-time work families. For these working-age adults, poverty rates have risen by six percentage points. Figure 43 shows that this rise largely occurred in the early 2000s and during the financial crisis. Since 2012/13, the poverty rate for this group has remained broadly flat.

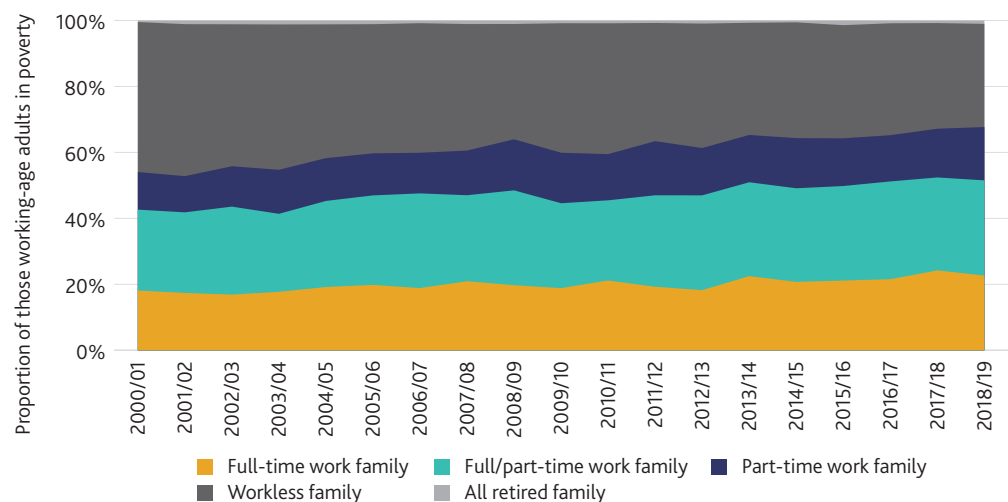
Figure 43: Poverty rates for working-age adults, by family work status, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

As well as differences in the changes in poverty rates, the overall population of working-age adults living in working families since 2000/01 has risen considerably. In contrast, the number of working-age adults living in workless families has fallen. This rising number of people in employment and falling number of workless families has been a large driver of the composition of working-age poverty having shifted towards those in working families (figure 44). Whilst working-age adults in these newly working families might still be in poverty, the Feature Section in this report shows that they are likely to experience shallower and less persistent poverty than would have been the case if they were in workless families.

Figure 44: Composition of working-age adults in poverty, by family work status



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: HOUSING TENURE

Figure 45 shows how the population of working-age adults in poverty is split between different tenure types. Seven in ten (70%) working-age adults in poverty live in families in social-rented or private-rented accommodation. Poverty rates for working-age adults are also highest amongst families in these tenure types, with half (50%) of working-age adults in social-rented accommodation being in poverty, and nearly a third (32%) of those in private-rented accommodation.

Figure 45: Composition of poverty and poverty rates in the UK for working-age adults, by housing tenure, 2018/19

8.5 million working-age adults in poverty in the UK (2018/19), comprised of:

3,100,000



Working-age adults in social-rented accommodation

2,900,000



Working-age adults in private-rented accommodation

1,600,000



Working-age adults in mortgage-owned accommodation

900,000



Working-age adults in owned-outright accommodation

Poverty rates in the UK (2018/19):

50%

Of working-age adults in social-rented accommodation are in poverty

32%

Of working-age adults in private-rented accommodation are in poverty

11%

Of working-age adults in mortgage-owned accommodation are in poverty

10%

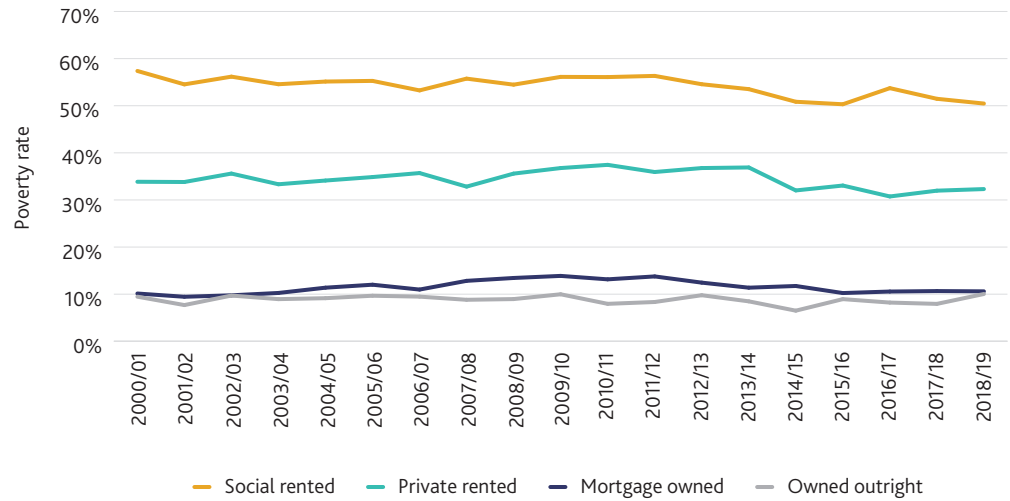
Of working-age adults in owned-outright accommodation are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

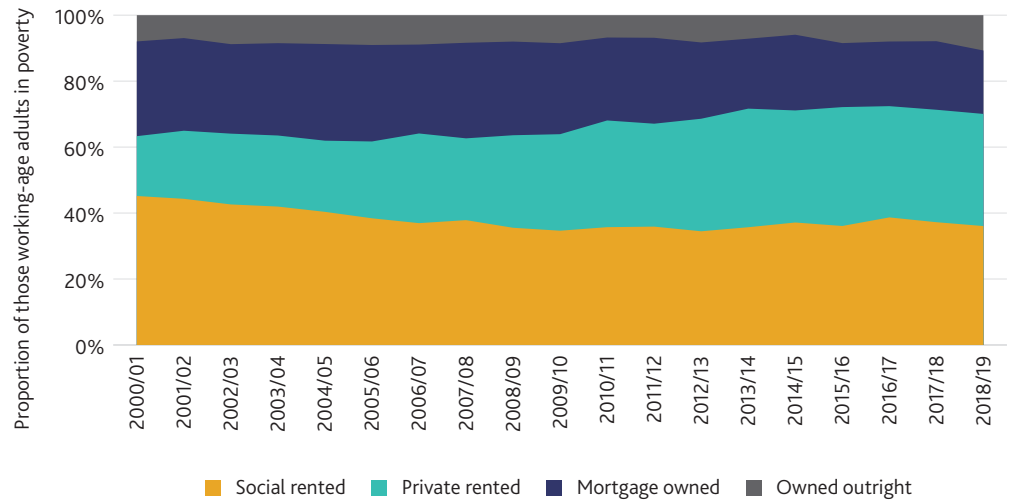
Figure 46 shows that poverty rates for working-age adults in social-rented accommodation have fallen by seven percentage points since 2000/01. After rising (by three percentage points) between 2000/01 and 2013/14, poverty rates for working-age adults in private-rented accommodation have fallen by five percentage points since 2013/14. However, the fact that there has been a large shift towards living in the private-rented sector has meant that a higher proportion of working-age adults in poverty now live in the sector than in 2000/01.

Figure 46: Poverty rates for working-age adults, by housing tenure, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Figure 47: Composition of working-age adults in poverty, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: FAMILY DISABILITY

Figure 48 shows that of the 8.5 million working-age adults in poverty, more than half (4.4 million) live in a family that includes a disabled adult or child. Rates of poverty for working-age adults living in families with a disabled person are far higher (31%) than those in families with no disabled person (16%).

Figure 48: Composition of poverty and poverty rates in the UK for working-age adults, by whether the family includes a disabled person, 2018/19

8.5 million working-age adults in poverty in the UK (2018/19), comprised of:

4,400,000



Working-age adults in families that include a disabled adult or child

4,200,000



Working-age adults in families that do not include a disabled adult or child

Poverty rates in the UK (2018/19):

31%

Of working-age adults in families that include a disabled adult or child are in poverty

16%

Of working-age adults in families that do not include a disabled adult or child are in poverty

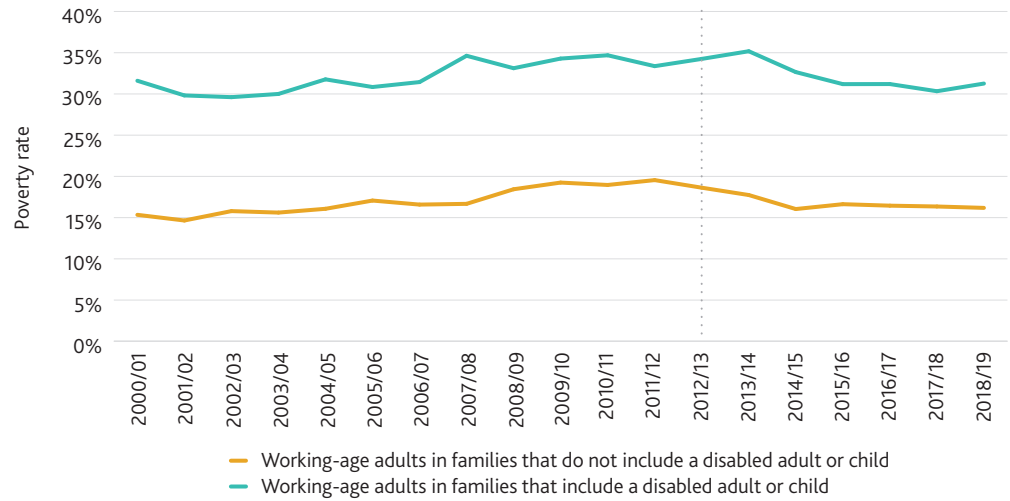
Notes: Figures have been rounded, so may not sum perfectly. The definition of disability changed to align with the core definition of disability under the Equality Act 2010 in 2012/13 but is otherwise consistent across years. Comparisons with years prior to 2012/13 should therefore be made with caution. This applies to all disability estimates in this section.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Poverty rates for working-age adults living in families with a disabled person have fallen since the financial crisis, when they peaked at 35% (2007/08) and now stand at 31%, broadly the same rate as at the start of the 2000s.

In 2018/19, just over half (51%) of working-age individuals in poverty lived in a family where someone was disabled. This represents an 11-percentage point rise over the last decade.

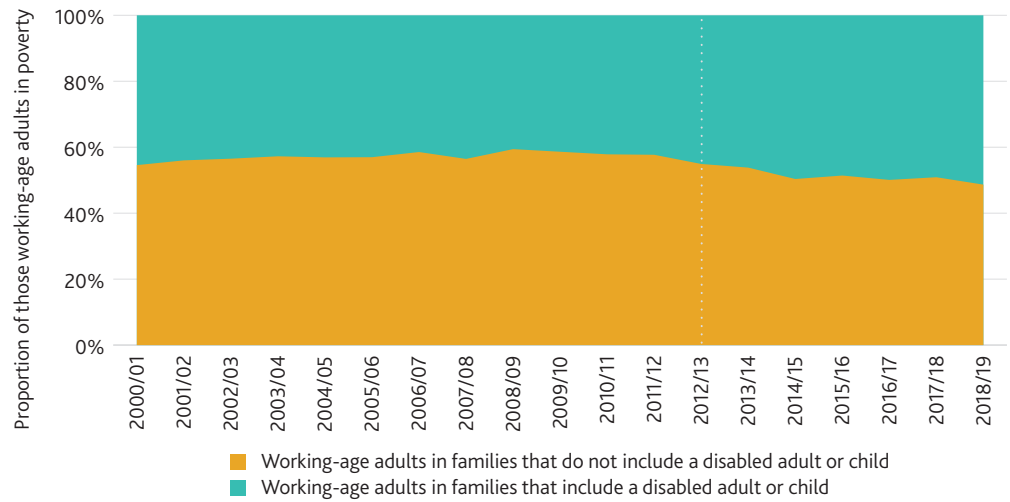
Figure 49: Poverty rates for working-age adults, by whether the family includes a disabled person, over time



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Figure 50: Composition of working-age adults in poverty, by whether the family includes a disabled person



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

CHILDREN IN POVERTY

Of the 14.4 million people in poverty in the UK, 4.5 million are children. The proportion of children in poverty (33%) is significantly above the rate for the whole population (22%).

Figure 51: The number of children in poverty and poverty rates amongst children in the UK, 2018/19

14.4 million people in poverty in the UK (2018/19), of which:

4,500,000



Children

Poverty rates in the UK (2018/19):

33%

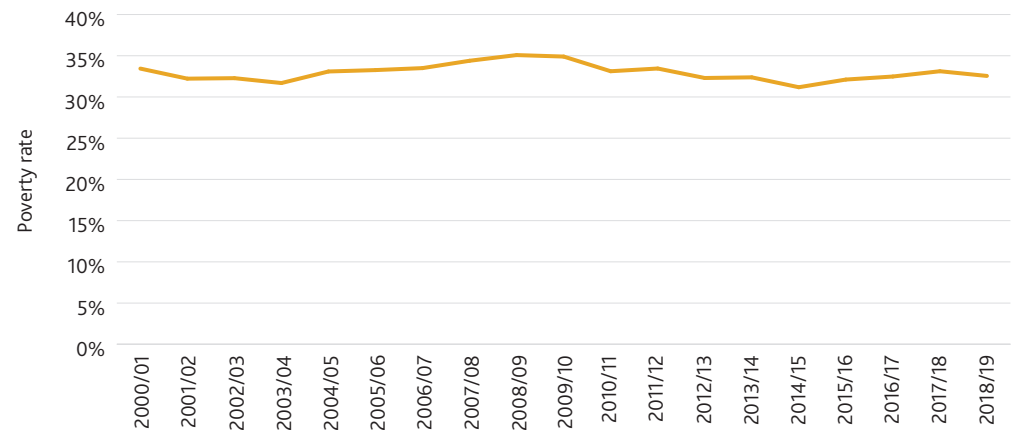
Of children are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 52 shows that, after falling since the financial crisis, the overall proportion of children in poverty is now broadly similar to the rates seen in the early 2000s.

Figure 52: Poverty rates amongst children, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

CHILDREN IN POVERTY: FAMILY TYPE

Figure 53 shows that of the 4.5 million children in poverty, about two thirds (67%) live in couple families. However, poverty rates for children living in lone-parent families (49%) are almost twice as high as those living in couple families (28%).

Figure 53: Poverty rates and composition of poverty amongst children in the UK, by family type, 2018/19

4.5 million children in poverty in the UK (2018/19), comprised of:

1,500,000



Children in lone-parent families

3,000,000



Children in couple families

Poverty rates in the UK (2018/19):

49%

Of children in lone-parent families are in poverty

28%

Of children in couple families are in poverty

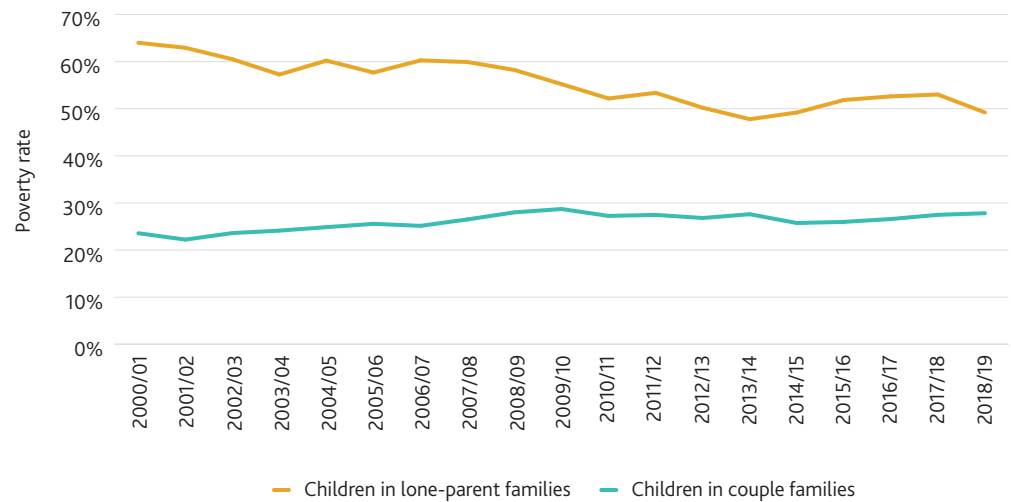
Notes: Figures have been rounded, so may not sum perfectly. Family types taken from the HBAI dataset once SMC poverty indicators (assessed at the sharing unit level) have been allocated to each benefit unit. Where one or more adult is pension age, the family type of the child is designated as 'pensioner couple' or 'pensioner single'. For this analysis these groups were included in couple and lone-parent families. This applies to all estimates for family type in this section.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Within the overall slight fall in poverty rates amongst children seen in figure 52, different family types have different experiences. One of the major changes in UK poverty over the last 15 years has been the fall in poverty amongst children living in lone-parent families. This fell from 64% being in poverty in 2000/01 to 49% in 2018/19. Whilst data from 2013/14 to 2017/18 has indicated a slight rise in poverty amongst children living in lone-parent families, the most recent data shows a reversal of this trend.

Poverty rates amongst children in couple families have changed less since 2000/01; after a rise of four percentage points in the pre-recession period, they now stand at the same rate as they did in 2008/09.

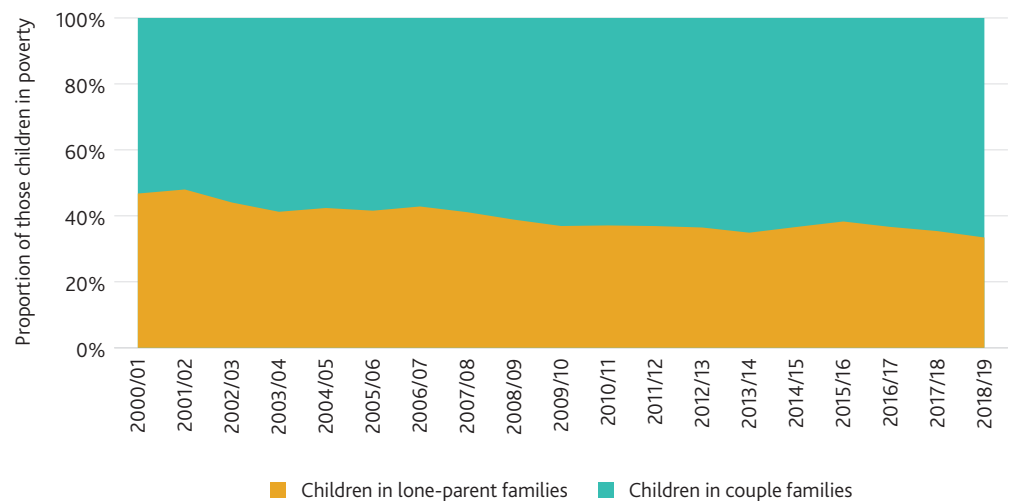
Figure 54: Poverty rates for children, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

The trends outlined above have also meant that the overall composition of children living in poverty has changed since 2000/01. Figure 55 shows that children living in couple families have formed an increasingly large overall proportion of children in poverty, now representing 67% of children in poverty overall, compared to 53% in 2000/01.

Figure 55: Composition of poverty amongst children, by family type



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

CHILDREN IN POVERTY: FAMILY WORK STATUS

Figure 56 shows that of the 4.5 million children in poverty, 1.1 million (24%) are in families where all adults work full time. The remaining 3.4 million children in poverty are in families that either mix full- and part-time work, or where no one is in work. The poverty rate amongst children in workless families stands at 76%. Even where all adults work full time, 14% of children in these families are in poverty.

Figure 56: Poverty rates and composition of poverty amongst children in the UK, by family work status, 2018/19

4.5 million children in poverty in the UK (2018/19), comprised of:

1,100,000



Children in full-time work families

1,600,000



Children in full/part-time work families

600,000



Children in part-time work families

1,200,000



Children in workless families

Poverty rates in the UK (2018/19):

14%

Of children in full-time work families are in poverty

42%

Of children in full/part-time work families are in poverty

70%

Of children in part-time work families are in poverty

76%

Of children in workless families are in poverty

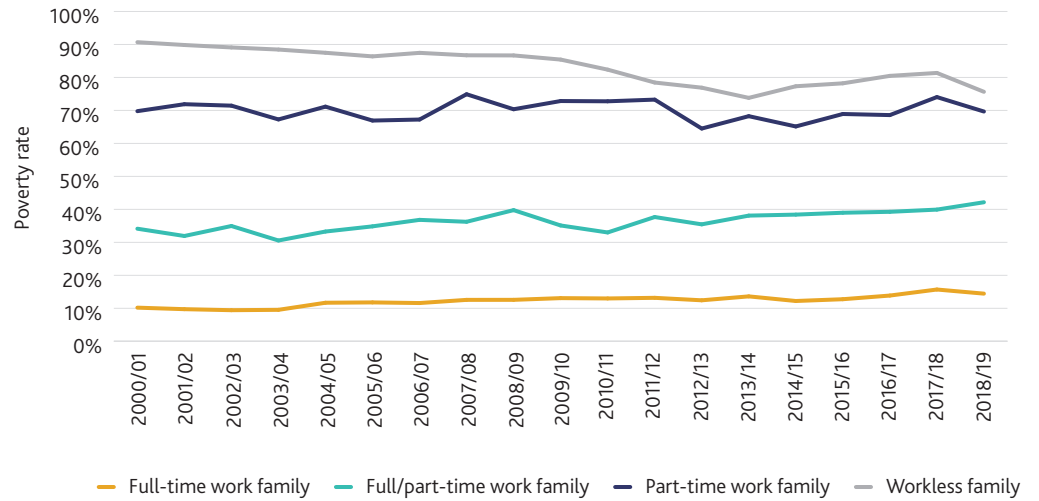
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 57 shows that poverty rates for children in workless families have fallen by 15 percentage points since 2000/01. The most recent data also suggests that the slight upwards trend seen in poverty rates over the previous four years has been reversed.

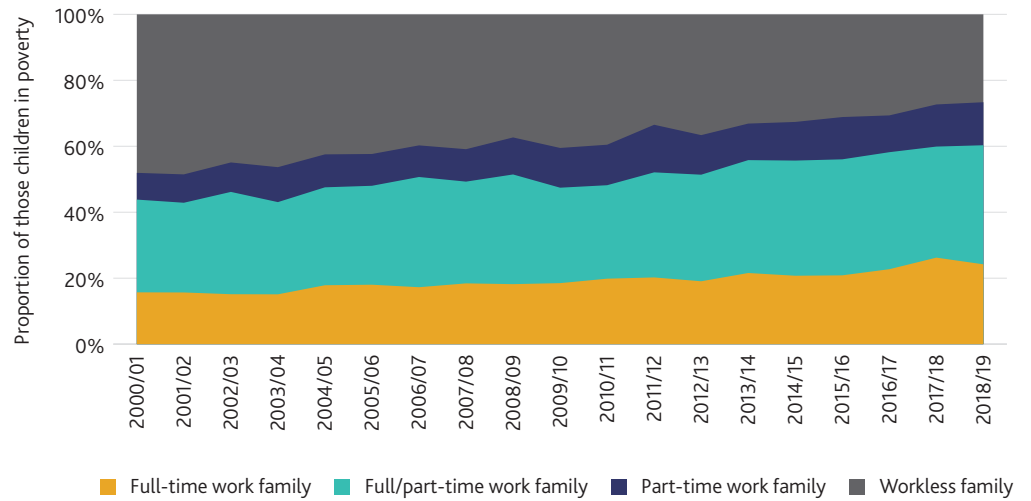
As is the case with poverty amongst working-age adults, a rising overall employment rate has led to the proportion of children in poverty who are in families with someone in work increasing over time. Figure 58 shows that in 2000/01, 52% of children in poverty lived in a family where someone was in work. By 2018/19, this figure had risen to 73%. Whilst children in these newly working families might still be in poverty, the Feature Section in this report shows that they are likely to experience shallower and less persistent poverty than would have been the case if they were in workless families.

Figure 57: Poverty rates for children, by family work status, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Figure 58: Composition of children in poverty, by family work status



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

CHILDREN IN POVERTY: HOUSING TENURE

Figure 59 breaks down the number of children living in poverty in the UK by the housing tenure of the child's family. It shows that three in four (75%) children in poverty live in families in social- or private-rented accommodation. The rates of poverty for these two tenures are also significantly higher than for children who live in families in owner-occupied accommodation. For example, almost six in ten (58%) children living in families in social-rented accommodation are in poverty. In contrast, 14% of children living in families in owned-outright accommodation are in poverty.

Figure 59: Poverty rates and composition of poverty amongst children in the UK, by housing tenure, 2018/19

4.5 million children in poverty in the UK (2018/19), comprised of:

1,700,000



Children in social-rented accommodation

1,600,000



Children in private-rented accommodation

1,000,000



Children in mortgage-owned accommodation

200,000



Children in owned-outright accommodation

Poverty rates in the UK (2018/19):

58%

Of children in social-rented accommodation are in poverty

51%

Of children in private-rented accommodation are in poverty

15%

Of children in mortgage-owned accommodation are in poverty

14%

Of children in owned-outright accommodation are in poverty

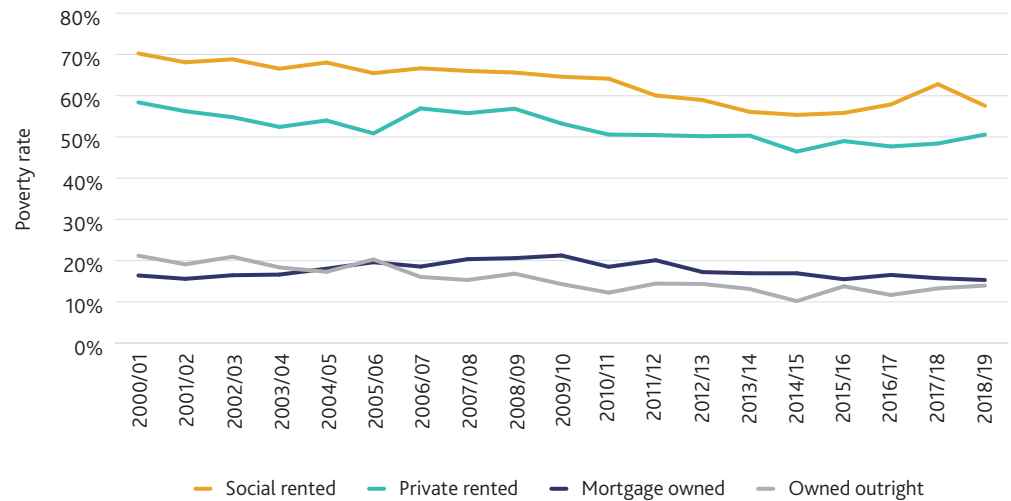
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 60 shows that rates of poverty have fallen for children in all housing tenures since 2000/01. Rises seen in the poverty rate amongst children in social-rented accommodation between 2013/14 and 2017/18 have been reversed in the most recent data.

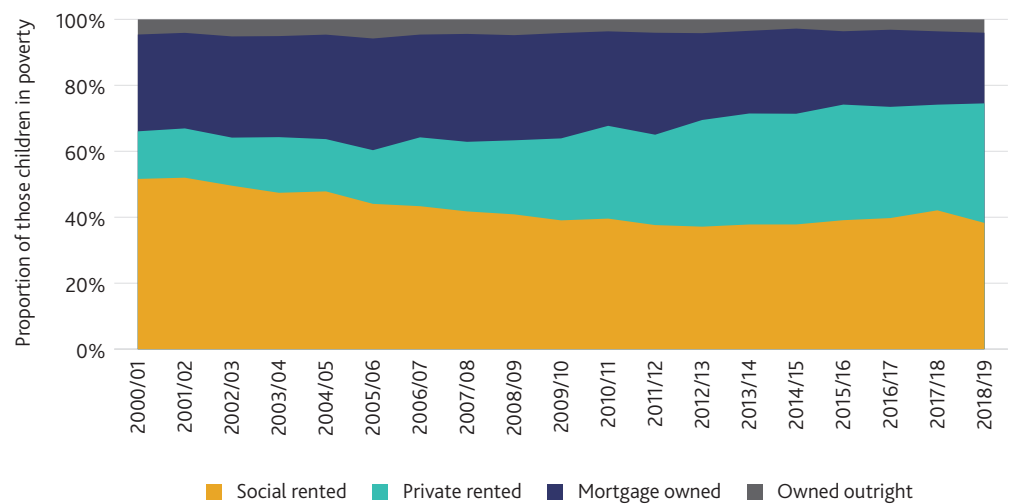
Figure 61 demonstrates significant shifts in the composition of children living in poverty since 2000/01, with a significant rise (22 percentage points) in the proportion of children in poverty who live in private-rented accommodation. This has been offset by large reductions in the proportion accounted for by children in poverty in the social-rented sector (13 percentage points) and mortgage-owned accommodation (eight percentage points). Section three explores this trend towards the private-rented sector in overall poverty in more detail.

Figure 60: Poverty rates amongst children, by housing tenure, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Figure 61: Composition of poverty amongst children, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

CHILDREN IN POVERTY: FAMILY DISABILITY

Of the 4.5 million children in poverty in the UK, 2 million (43%) are living in a family where someone is disabled. Amongst children living in a family where someone is disabled, 40% are in poverty. In families with no disabled person, this figure is 29%.

Figure 62: Poverty rates and composition of poverty amongst children in the UK, by whether the family includes a disabled person, 2018/19

4.5 million children in poverty in the UK (2018/19), comprised of:

2,000,000



Children in families that include a disabled adult or child

2,600,000



Children in families that do not include a disabled adult or child

Poverty rates in the UK (2018/19):

40%

Of children in families that include a disabled adult or child are in poverty

29%

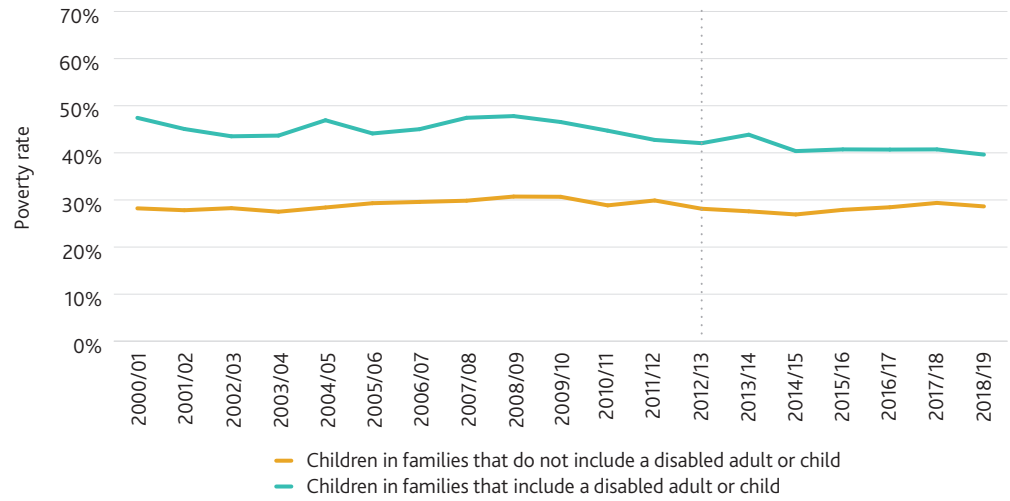
Of children in families that do not include a disabled adult or child are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 63 shows that poverty rates for children in families with a disabled person have fallen by eight percentage points since 2000/01. Poverty rates for children in families where no one is disabled remain similar to those seen in 2000/01. Figure 64 shows that the proportion of all children in poverty comprised of children living in families where someone is disabled has increased significantly over the last decade (by around nine percentage points).

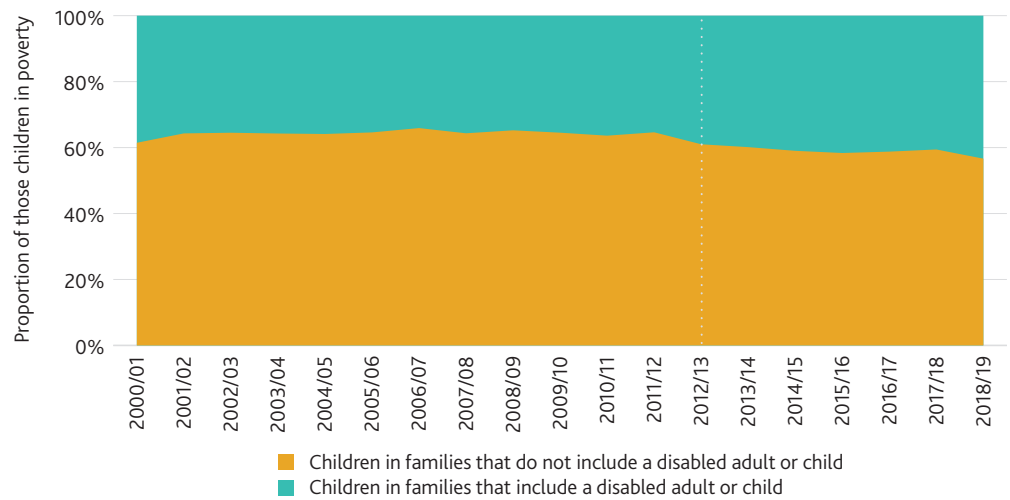
Figure 63: Poverty rates amongst children, by whether the family includes a disabled person, over time



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Figure 64: Composition of poverty amongst children, by whether the family includes a disabled person



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

CHILDREN IN POVERTY: AGE OF YOUNGEST CHILD

More than half of the 4.5 million children in poverty in the UK live in a family where the youngest child is under the age of five. Poverty rates for this group of children are also higher, standing at 37%, compared to between 26% and 29% for children living in families where the youngest child is over the age of five.

Figure 65: Poverty rates and composition of poverty amongst children in the UK, by age of youngest child in family, 2018/19

4.5 million children in poverty in the UK (2018/19), comprised of:

2,400,000



Children in families where the youngest child is under 5

1,600,000



Children in families where the youngest child is aged between 5 and 11

500,000



Children in families where the youngest child is aged over 12

Poverty rates in the UK (2018/19):

37%

Of children in families where the youngest child is aged under 5 are in poverty

29%

Of children in families where the youngest child is aged between 5 and 11 are in poverty

26%

Of children in families where the youngest child is aged over 12 are in poverty

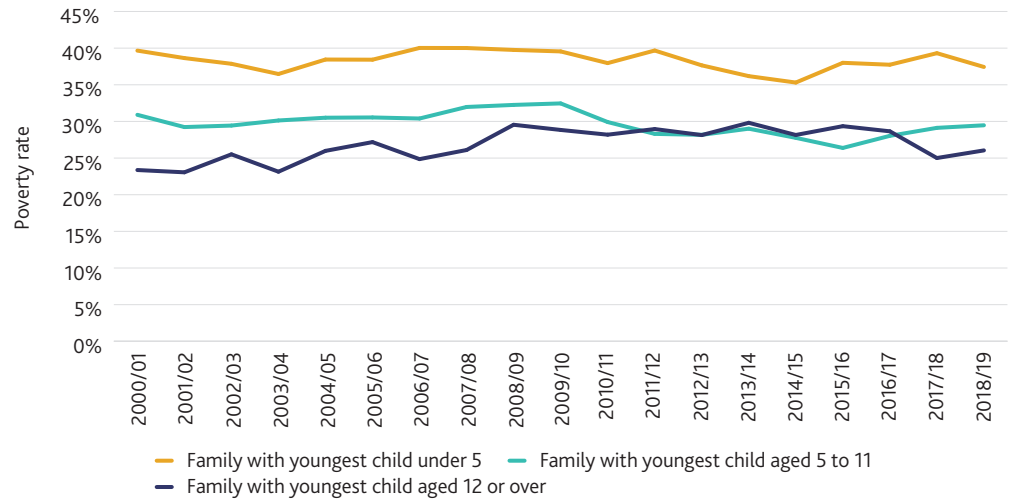
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 66 shows that the last five years have seen modest rises in the rates of poverty for children who live in families where the youngest child is under 12. However, rates of poverty amongst these children are now slightly lower than they were in 2000/01.

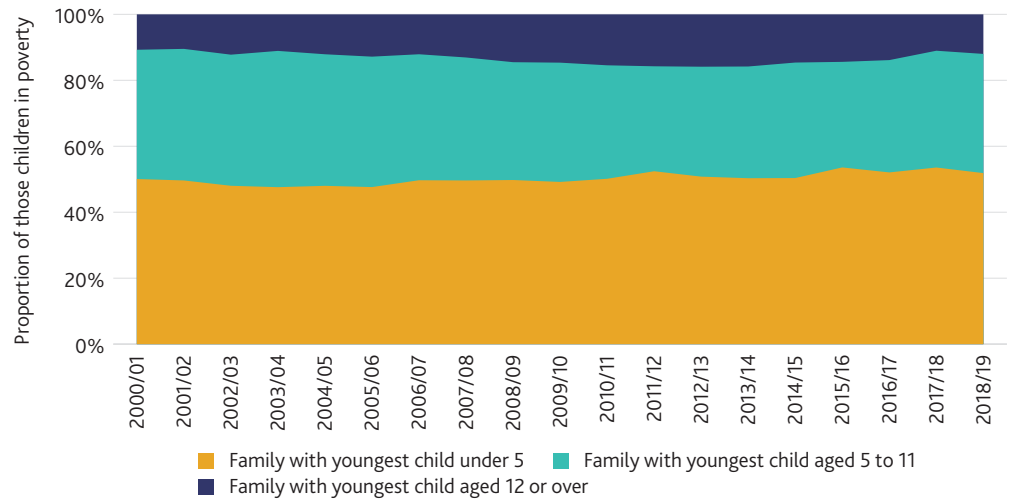
In contrast, poverty rates amongst children who live in families where the oldest child is aged 12 or over rose by six percentage points between 2000/01 and 2013/14, but have fallen by four percentage points since then.

Figure 66: Poverty rates amongst children, by age of youngest child in the family, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Figure 67: Composition of poverty amongst children, by age of youngest child in the family



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

CHILDREN IN POVERTY: NUMBER OF CHILDREN

More than four in ten (44%) of the 4.5 million children in poverty in the UK live in a family with three or more children. Poverty rates for this group of children are also higher, standing at 46% compared to 25% for children living in families where they are the only child, or 27% where there are two children.

Figure 68: Poverty rates and composition of poverty amongst children in the UK, by number of children in family, 2018/19

4.5 million children in poverty in the UK (2018/19), comprised of:

900,000



Children in families with one child

1,700,000



Children in families with two children

2,000,000



Children in families with three or more children

Poverty rates in the UK (2018/19):

25%

Of children in families with one child are in poverty

27%

Of children in families with two children are in poverty

46%

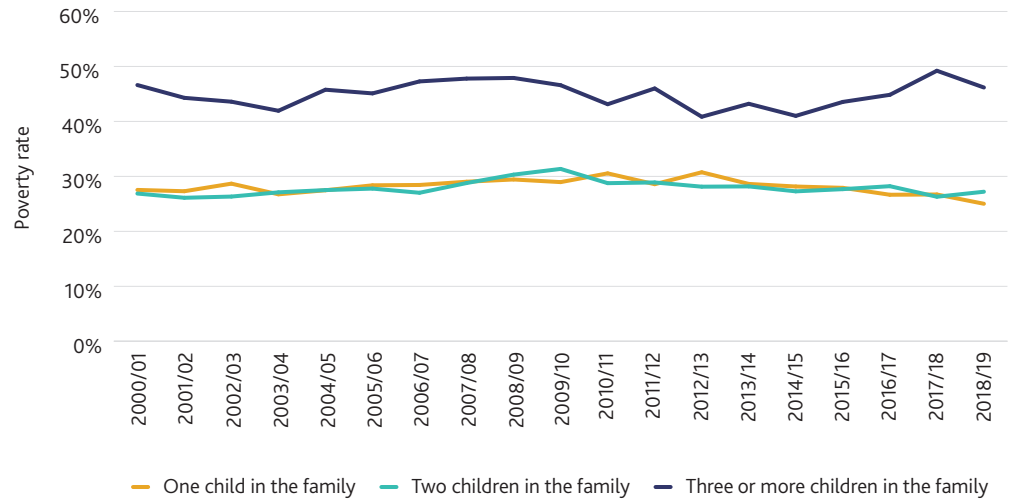
Of children in families with three or more children are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

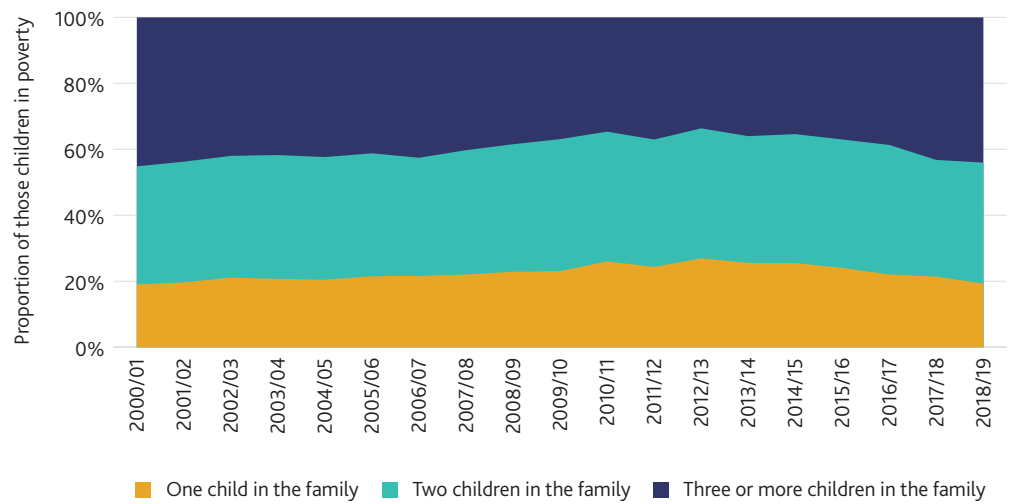
Figure 69 shows that rates of poverty for children vary depending on the number of children in the family. Since 2000/01, children in families with three or more children have consistently had higher rates of poverty than those in families with fewer children. However, while the poverty rates for children in one- and two-child families have remained relatively constant since 2000/01, poverty rates for those in families with three or more children fell by six percentage points between 2000/01 and 2012/13, before rising by five percentage points since then. Encouragingly, the upwards trend seen between 2014/15 and 2017/18 was reversed in the most recent data. The changing rate of poverty for this group is also reflected in similar shifts in the composition of poverty for children in different sized families.

Figure 69: Poverty rates amongst children, by number of children in the family, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis..

Figure 70: Composition of poverty amongst children, by number of children in the family



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS

Of the 14.4 million people in poverty in the UK, 1.3 million are pension-age adults. This means that the poverty rate (11%) for pension-age adults is half that of the whole population (22%) and a third of that of children (33%).

Figure 71: Composition of pension-age poverty and pension-age poverty rates in the UK, 2018/19

14.4 million people in poverty in the UK (2018/19), of which:

1,300,000



Pension-age adults

Poverty rates in the UK (2018/19):

11%

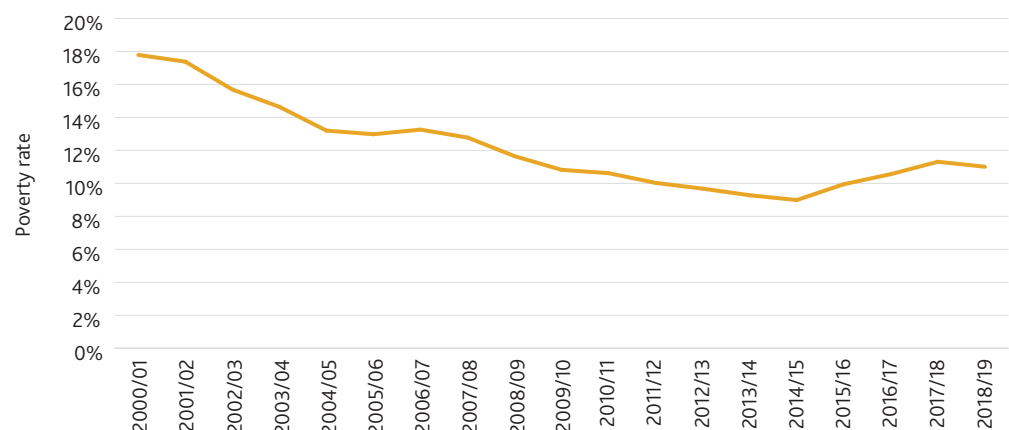
Of pension-age adults are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Since 2000/01, the overall rate and level of pension-age adults in poverty has fallen significantly. From 18% in 2000/01, the overall pensioner poverty rate fell to 9% in 2013/14 and 2014/15. However, since 2014/15, the poverty rate for pension-age adults has risen by two percentage points to 11%. It is encouraging that, after seeing an upwards trend between 2014/15 and 2017/18, the rate of poverty for pension-age adults has plateaued in this year's data. However, if the poverty rate were the same this year as it was in 2014/15, the number of pension-age adults in poverty would be more than 200,000 lower.

Figure 72: Poverty rates for pension-age adults, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS: FAMILY TYPE

Of the 1.3 million pension-age adults in poverty, 700,000 are single. The remaining 600,000 live in couple families. Poverty rates for single pension-age adults (15%) are six percentage points higher than those for pension-age adults living in couple families.

Figure 73: Composition of poverty and poverty rates in the UK for pension-age adults, by family type, 2018/19

1.3 million pension-age adults in poverty in the UK (2018/19), comprised of:

700,000



Pension-age adults in single families

600,000



Pension-age adults in couple families

Poverty rates in the UK (2018/19):

15%

Of pension-age adults in single families are in poverty

9%

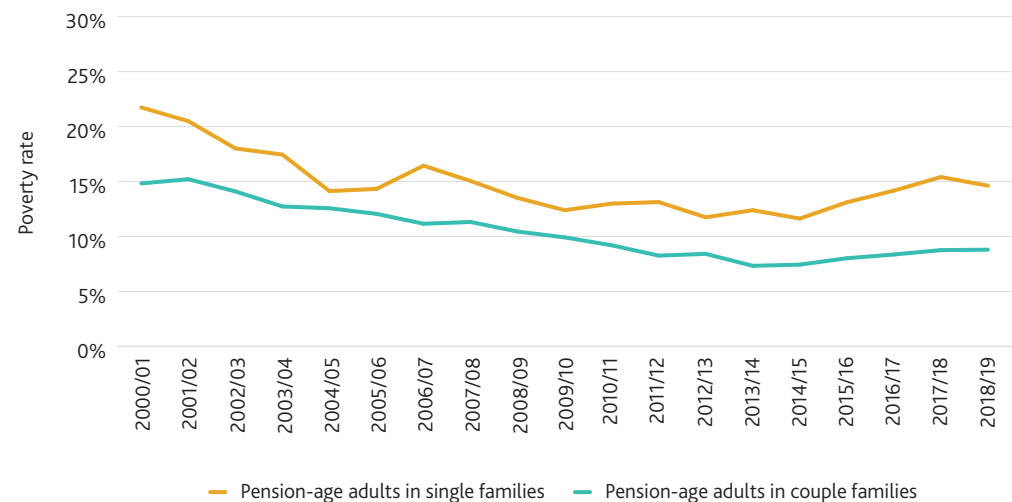
Of pension-age adults in couple families are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 74 demonstrates that poverty rates for pension-age adults living in all family types have fallen significantly since 2000/01. However, rates have risen slightly since 2013/14.

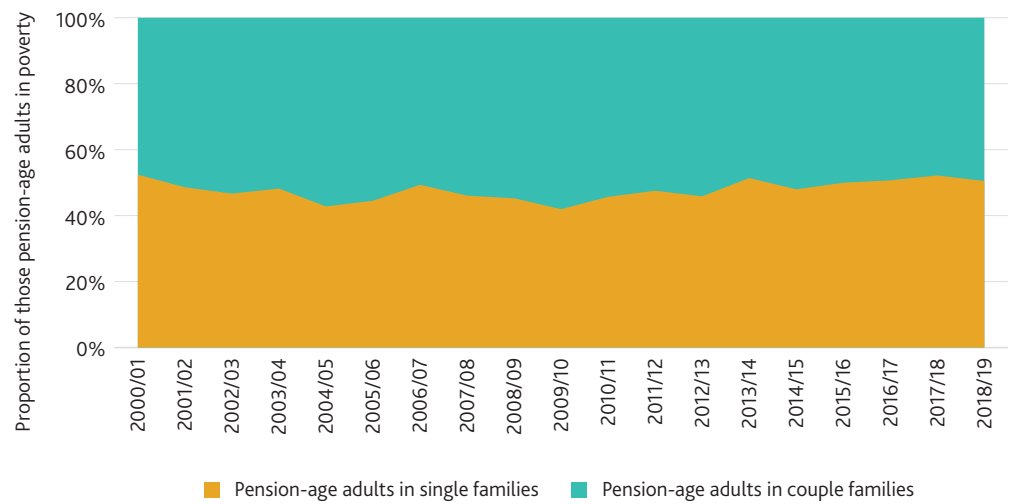
Figure 74: Poverty rates for pension-age adults, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Figure 75 shows that, overall, the composition of pension-age poverty has shifted slightly away from those in single families since 2000/01. In 2000/01, 52% of pension-age adults in poverty lived in single families. In 2018/19 this stood at 50%.

Figure 75: Composition of pension-age adults in poverty, by family type



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS: HOUSING TENURE

Of the 1.3 million pension-age adults in poverty, half (700,000) live in social- or private-rented accommodation. Another 600,000 live in accommodation that is owned outright. Poverty rates for pension-age adults are far higher for those living in social-rented (29%) or private-rented accommodation (26%) than they are for those in owned-outright accommodation (6%).

Figure 76: Composition of poverty and poverty rates in the UK for pension-age adults, by housing tenure, 2018/19

1.3 million pension-age adults in poverty in the UK (2018/19), comprised of:

500,000



Pension-age adults in social-rented accommodation

200,000



Pension-age adults in private-rented accommodation

100,000



Pension-age adults in mortgage-owned accommodation

600,000



Pension-age adults in owned-outright accommodation

Poverty rates in the UK (2018/19):

29%

Of pension-age adults in social-rented accommodation are in poverty

26%

Of pension-age adults in private-rented accommodation are in poverty

14%

Of pension-age adults in mortgage-owned accommodation are in poverty

6%

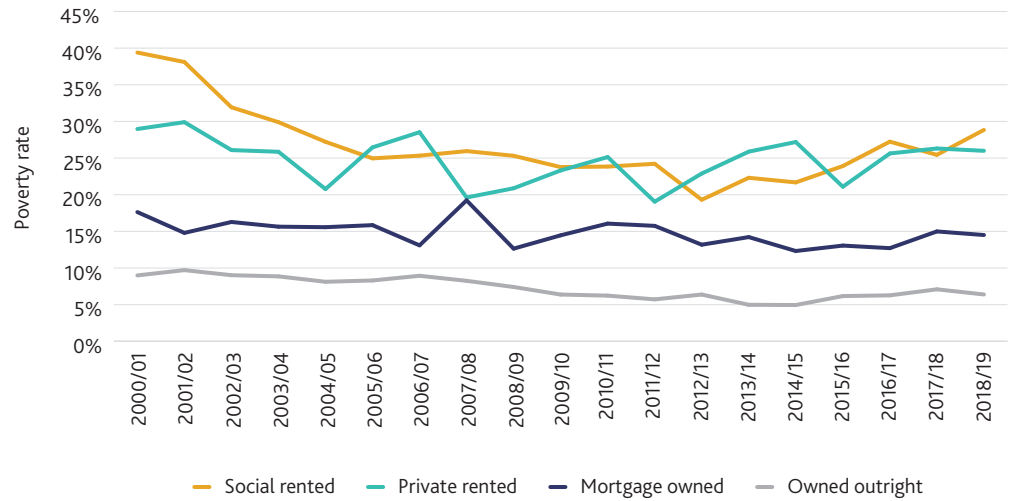
Of pension-age adults in owned-outright accommodation are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 77 shows dramatic falls in poverty rates between 2000/01 and 2012/13 for pension-aged adults living in social- (20 percentage points) and private-rented (6 percentage points) accommodation. However, these have both risen since then, with poverty rates for those in the social-rented sector rising by ten percentage points and for those in the private-rented sector by three percentage points.

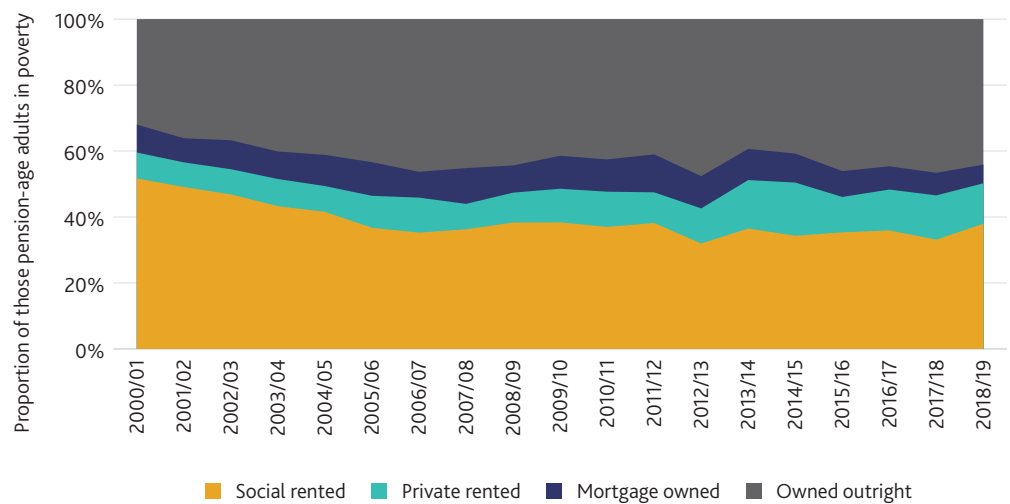
Figure 77: Poverty rates for pension-age adults, by housing tenure, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Large reductions in poverty rates for pension-age adults living in social-rented accommodation have also been reflected in the composition of poverty amongst pension-age adults. Figure 78 shows that the proportion of pension-age poverty accounted for by people in social-rented accommodation fell by 14 percentage points between 2000/01 and 2018/19. In contrast, the proportion of pension-age adults in poverty accounted for by those in private rented accommodation rose by four percentage points (driven by an increase in the population in this tenure type) and by 12 percentage points for those in owned-outright accommodation.

Figure 78: Composition of pension-age adults in poverty, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS: FAMILY DISABILITY

Of the 1.3 million pension-age adults in poverty, 800,000 live in families where someone is disabled. As with working-age adults and children, pension-age adults who live in a family where someone is disabled have higher poverty rates (12%) than those who live in a family where no one is disabled (10%).

Figure 79: Composition of poverty and poverty rates in the UK for pension-age adults, by whether the family includes a disabled person, 2018/19

1.3 million pension-age adults in poverty in the UK (2018/19), comprised of:

800,000



Pension-age adults in families that include a disabled adult or child

500,000



Pension-age adults in families that do not include a disabled adult or child

Poverty rates in the UK (2018/19):

12%

Of pension-age adults in families that include a disabled adult or child are in poverty

10%

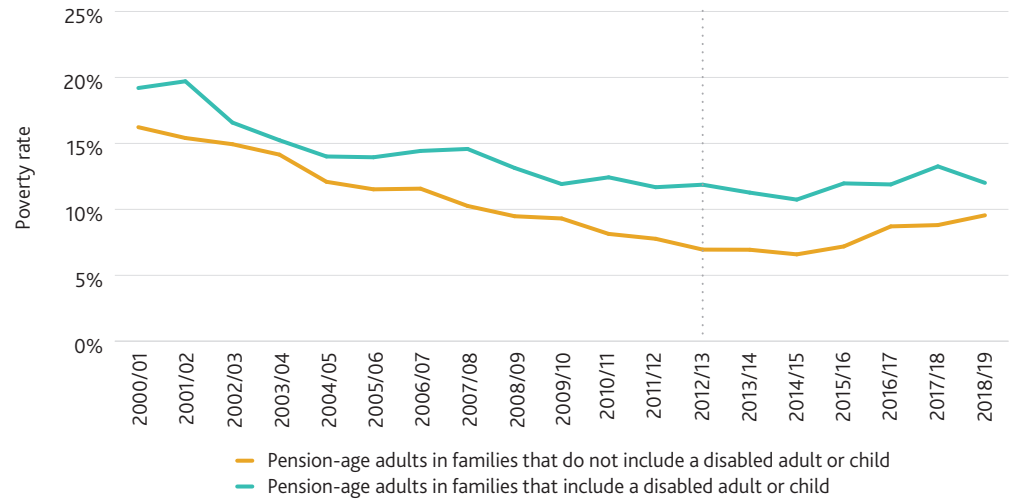
Of pension-age adults in families that do not include a disabled adult or child are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Almost two thirds (63%) of pensioners in poverty live in families with someone who is disabled. Figure 81 shows that this has risen from 61% in 2000/01. Poverty rates for pensioners living in both families with or without a disabled person have fallen significantly since 2000/01. Poverty rates fell by 10 percentage points for pensioners living in families with no disabled person between 2000/01 and 2014/15 and by 8 percentage points for pensioners living in families with a disabled person over the same period. However, there has been a slight rise for both groups since then.

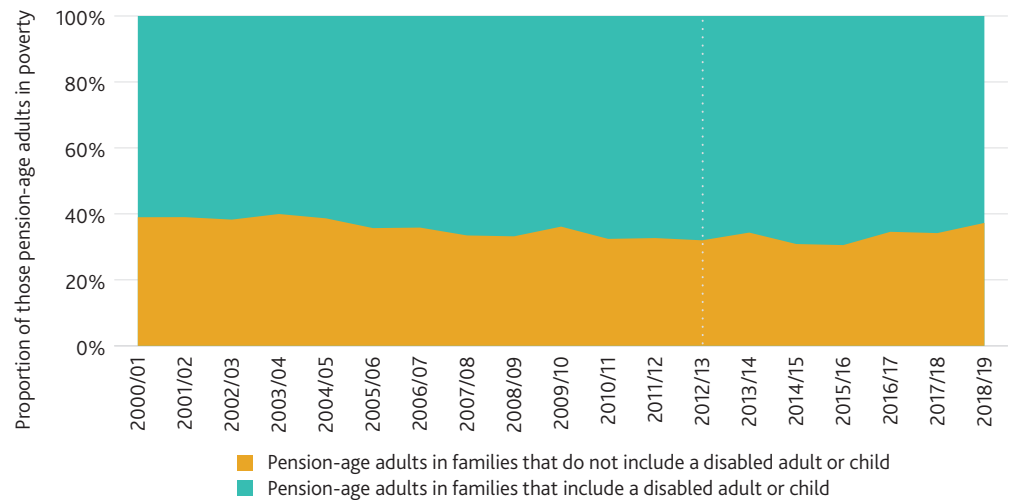
Figure 80: Poverty rates for pension-age adults, by whether the family includes a disabled person, over time



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Figure 81: Composition of pension-age adults in poverty, by whether the family includes a disabled person



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS: DETAILED BREAKDOWN BY AGE

Poverty amongst pension-age adults can also be split by pension-age families of different ages. This section considers the composition of poverty amongst pension-age adults and rates of poverty by the age of the oldest adult in the pension-age family. Figure 82 shows that more than four in ten (42%) pension-age adults in poverty live in families where the eldest member is aged over 75. It also shows that poverty rates are highest amongst the youngest pension-age families.

Figure 82: Composition of pension-age poverty and pension-age poverty rates in the UK, by age of oldest person in family 2018/19

1.3 million pension-age adults in poverty in the UK (2018/19), comprised of:

400,000



Pension-age adults in families where the eldest member is 70 and below

300,000



Pension-age adults in families where the eldest member is 71-75

200,000



Pension-age adults in families where the eldest member is 76-80

400,000



Pension-age adults in families where the eldest member is 80 or above

Poverty rates in the UK (2018/19):

12%

Of pension-age adults in families where the eldest member is 70 and below are in poverty

11%

Of pension-age adults in families where the eldest member is 71-75 are in poverty

9%

Of pension-age adults in families where the eldest member is 76-80 are in poverty

11%

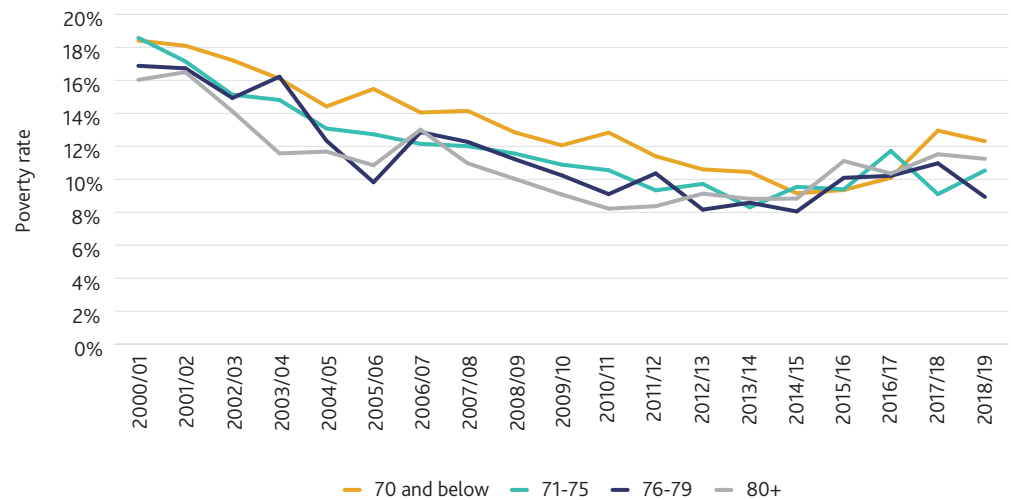
Of pension-age adults in families where the eldest member is 80 or above are in poverty

Notes: Figures have been rounded, so may not sum perfectly. In some years, adults under 65 can still be classified as pension-aged due to the gradual increase of the pension age for women. This applies to all estimates for pension-age adults in this section.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

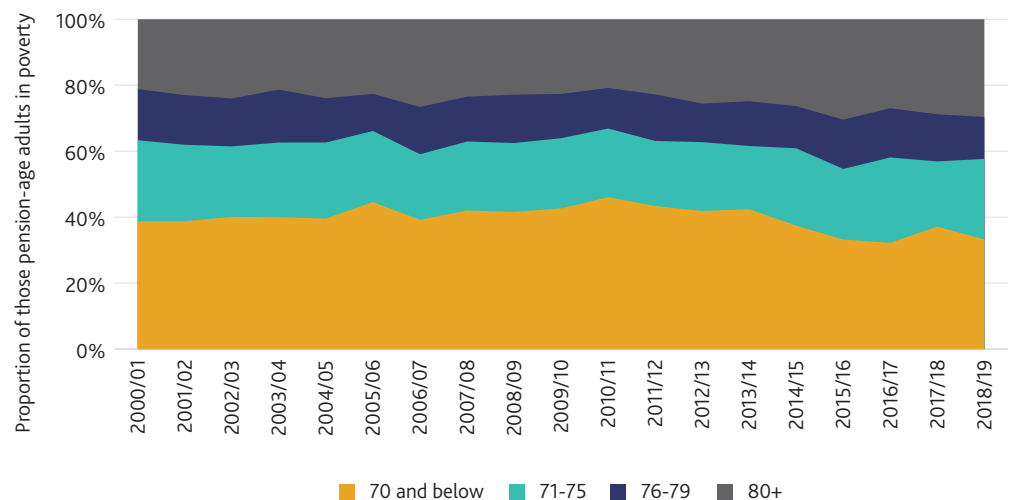
Figure 83 shows that, since 2000/01, poverty rates have fallen for pension-age adults in all ages of family. The most significant improvements were seen amongst those families with the eldest member aged over 70. For example, for those with the eldest member aged between 71 and 75, poverty rates have fallen by eight percentage points (from 19% to 11%). Despite this overall reduction since 2000/01, poverty rates are higher now than they were in 2014/15 for pension-age adults, regardless of the age of the eldest member of the family. However, recent rising trends in poverty rates for pensioners aged below 70, 76-79 and over 80 stopped in this year's data.

Figure 83: Poverty rates for pension-age adults, by age of eldest person in the family, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis.

Figure 84: Composition of pension-age adults in poverty, by age of eldest person in the family



Source: Family Resources Survey and HBAI dataset (1998/99 - 2018/19), SMC analysis

POVERTY AMONGST INDIVIDUALS, BY AGE GROUP

One in five (20% or 2.9 million people) of those in poverty are aged 10 and under. Poverty rates are also highest for these age groups, with a third (33%) of those aged four and under and almost a third of those aged between five and 10 (32%) and 11 and 15 (32%) being in poverty. Poverty rates fall fairly consistently as age increases, until one in ten of those aged 75 and over are in poverty.

Figure 85: Composition of poverty and poverty rates in the UK, by age group, 2018/19

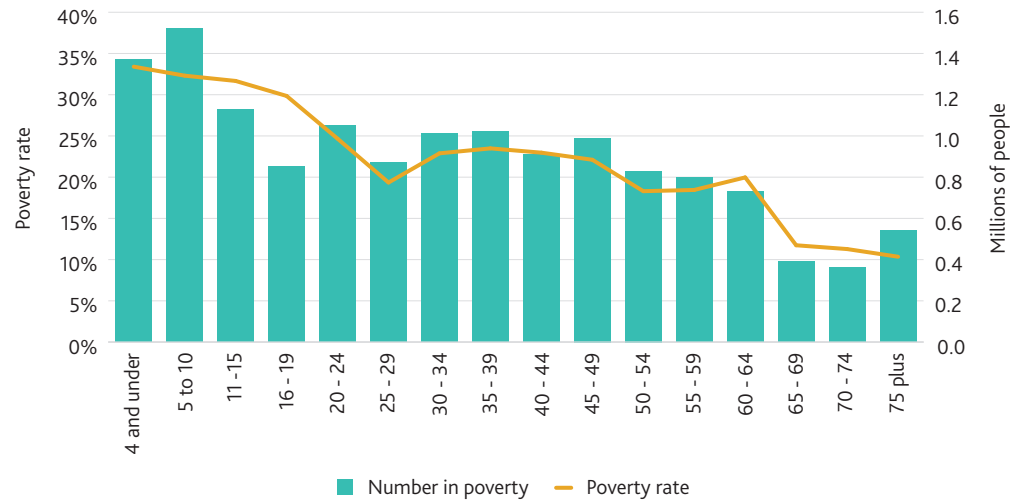
14.4 million people in poverty in the UK (2018/19), comprised of:		Poverty rates in the UK (2018/19) for people:	
1,400,000	people aged under 4	Aged 4 and under	33 %
1,500,000	people aged 5 - 10	Aged 5 - 10	32 %
1,100,000	people aged 11 -15	Aged 11 -15	32 %
800,000	people aged 15 - 19	Aged 15 - 19	30 %
1,100,000	people aged 20 - 24	Aged 20 - 24	25 %
900,000	people aged 25 - 29	Aged 25 - 29	19 %
1,000,000	people aged 30 - 34	Aged 30 - 34	23 %
1,000,000	people aged 35 - 39	Aged 35 - 39	23 %
900,000	people aged 40 - 44	Aged 40 - 44	23 %
1,000,000	people aged 45 - 49	Aged 45 - 49	22 %
800,000	people aged 50 - 54	Aged 50 - 54	18 %
800,000	people aged 55 - 59	Aged 55 - 59	18 %
700,000	people aged 60 - 64	Aged 60 - 64	20 %
400,000	people aged 65 - 69	Aged 65 - 69	12 %
400,000	people aged 70 - 74	Aged 70 - 74	11 %
500,000	people aged 75 plus	Aged 75 plus	10 %

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 86 demonstrates how poverty rates for individuals fall steadily throughout the lifetime.

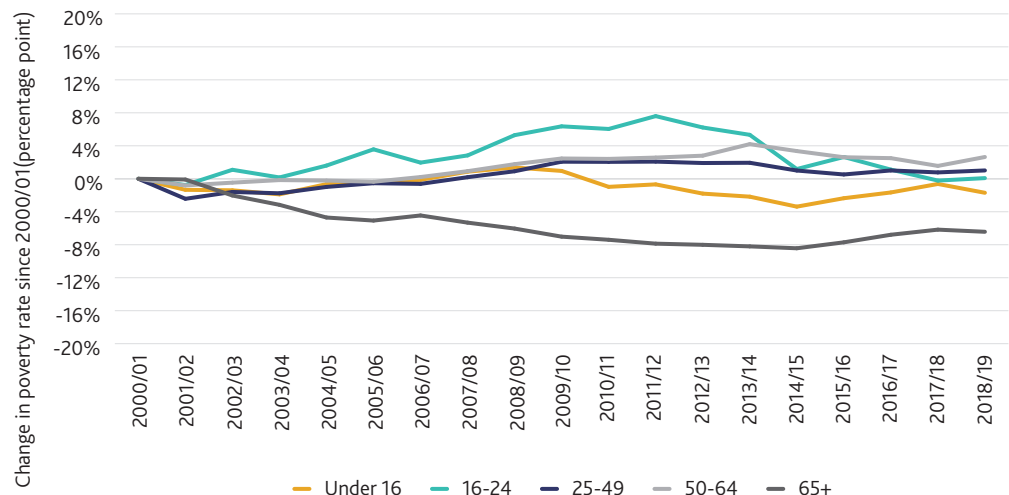
Figure 86: Poverty rates and number in poverty for the UK population, by age group (2018/19)



Source: Family Resources Survey and HBAI dataset (2018/19), SMC Analysis.

Figure 87 shows how poverty rates have changed for different age groups over time. Results are grouped into wider age groups, for ease of presentation (full results can be found in the data tables that accompany this report). The figure shows that people aged 65 and over saw significant falls in poverty rates between 2000/01 and 2014/15, then saw poverty rates rise until 2017/18, before plateauing in the most recent year. A similar trend can be seen for those aged under 16; poverty rates fell in the early 2000s, before stagnating and then rising during the financial crisis. Since then, poverty rates fell sharply until 2014/15, before rising between then and 2017/18. The most recent data saw a reversal of this trend. In contrast, poverty rates for those aged 16-24 rose sharply between 2000/01 and 2011/12 (when they were eight percentage points higher than in 2000/01), but have fallen back to 2000/01 rates since then.

Figure 87: Change in poverty rates since 2000/01, by age group



Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

POVERTY AMONGST MEN AND WOMEN

Poverty rates for men (19%) and women (19%) are broadly similar, with about one in five of each group living in poverty. This means that of the 9.8 million people aged 16 and over in poverty, there are just over five million women in poverty compared to around 4.7 million men.

Figure 88: Composition of poverty and poverty rates in the UK, by men and women, 2018/19

9.8 million people aged 16 and over in poverty in the UK (2018/19), comprised of:

5,100,000

 Women

4,700,000

 Men

Poverty rates in the UK (2018/19):

19%
 Of women are in poverty

19%
 Of men are in poverty

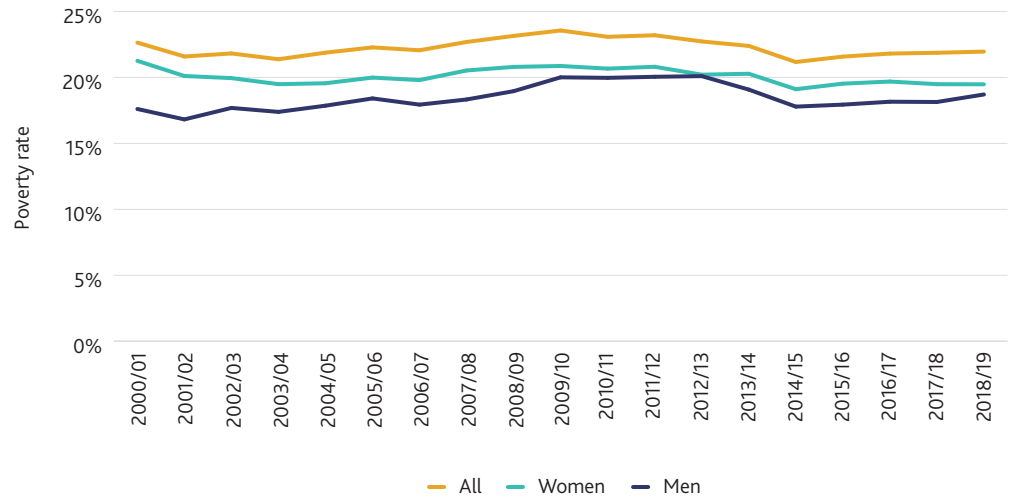
Notes: Figures have been rounded, so may not sum perfectly. Estimates for men and women apply to people aged 16 and over. This applies to all estimates in this section.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 89 shows that after rising slightly in the 2000s and peaking in 2012/13, poverty rates for men have now fallen back to their pre-financial crisis levels. In contrast, apart from a moderate rise during the financial crisis and recession, poverty rates for women have fallen slowly, but steadily, over the last two decades, and ended two percentage points lower in 2018/19 (19%) than they were in 2000/01 (21%).

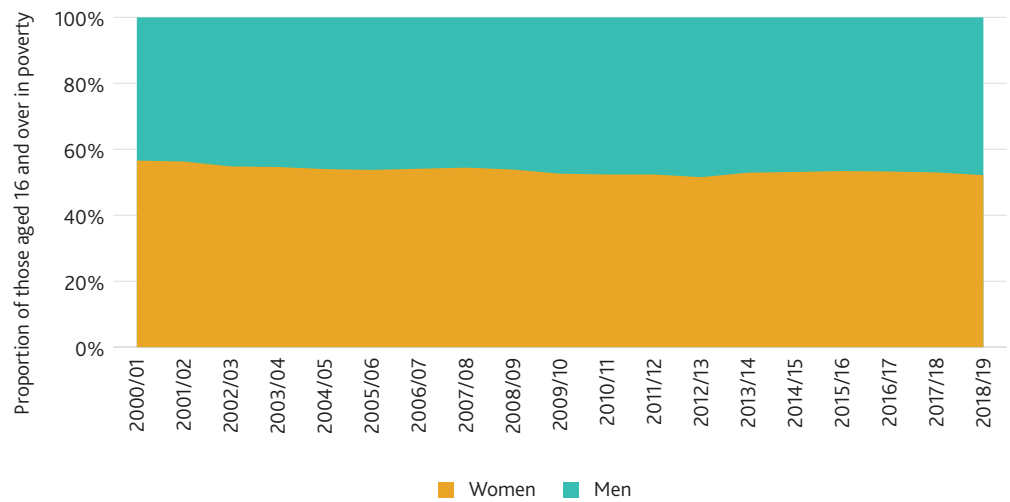
The composition of poverty has shifted slightly away from women (52% of the total in 2018/19, compared to 57% in 2000/01) and towards men (48% of the total in 2018/19, compared to 43% in 2000/01).

Figure 89: Poverty rates for the UK population, by men and women, over time



Source: Family Resources Survey and HBAI dataset (1998/99–2018/19), SMC Analysis.

Figure 90: Composition of poverty, by men and women



Source: Family Resources Survey and HBAI dataset (1998/99–2018/19), SMC Analysis.

POVERTY AMONGST INDIVIDUALS, BY DISABILITY

The sections earlier in this report looked at the proportion of people in poverty who live in a family that includes a disabled person. It showed that half (50%) of people in poverty are either disabled themselves or live with someone who is disabled.

This section considers poverty amongst disabled people, rather than families that include a disabled person. Of the 14.4 million people in poverty in 2018/19, 4 million are disabled. Of these, 2.9 million are disabled working-age adults, 400,000 are disabled children and 700,000 are disabled pension-age adults. This means that half (50%) of all pension-age adults in poverty have a disability, compared to three in ten (34%) adults in poverty and one in ten (9%) children in poverty.

Poverty rates for disabled working-age adults (38%) are more than twice that of non-disabled working-age adults (18%). However, poverty rates for disabled children (33%) are broadly the same as those for children without a disability (32%), and poverty rates for disabled pension-age adults (13%) are three percentage points higher than those for non-disabled pension-age adults.

Figure 91: Composition of poverty and poverty rates in the UK, by disability, 2018/19


14.4 million people in poverty in the UK (2018/19), of which:

2,900,000

 Disabled working-age adults

400,000

 Disabled children


700,000

 Disabled pension-age adults

5,600,000

 Working-age adults without a disability

4,100,000

 Children without a disability

600,000

 Pension-age adults without a disability

Poverty rates in the UK (2018/19):

38%
Of disabled working-age adults are in poverty

33%
Of disabled children are in poverty

13%
Of disabled pension-age adults are in poverty

18%
Of working-age adults without a disability are in poverty

32%
Of children without a disability are in poverty

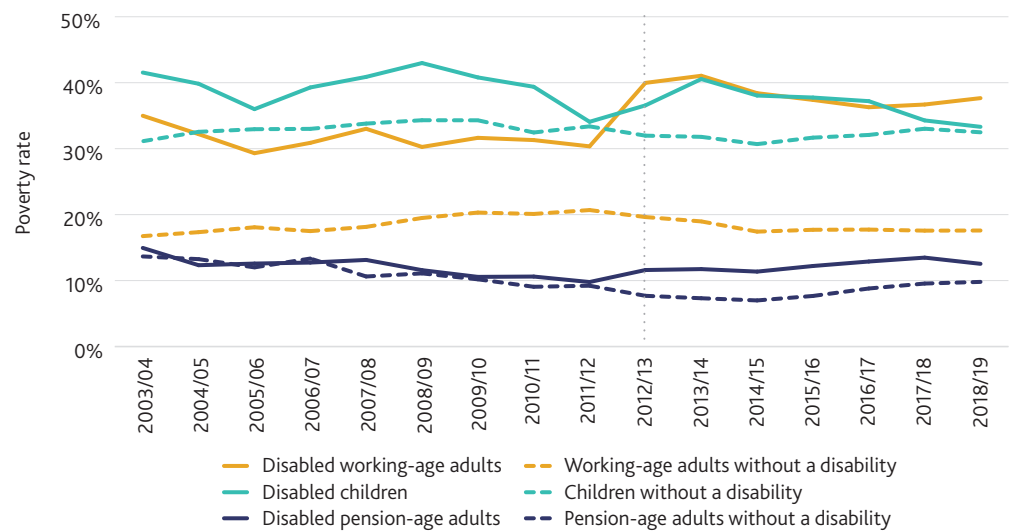
10%
Of pension-age adults without a disability are in poverty

Notes: Figures have been rounded, so may not sum perfectly. The definition of disability changed to align with the core definition of disability under the Equality Act 2010 in 2012/13 but is otherwise consistent across years. Comparisons with years prior to 2012/13 should therefore be made with caution. This applies to all disability estimates in this section.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

Figure 92 shows that poverty rates for disabled children and disabled working-age adults have fallen since 2013/14, although there has been a slight rise in poverty rates for disabled working-age adults in the two most recent years of data. Compared to 2000/01, poverty rates for disabled children are now broadly similar to those for non-disabled children. However, poverty rates for disabled pension-age adults have risen slightly since a low in 2011/12.

Figure 92: Poverty rates for the UK population, by individual disability, over time

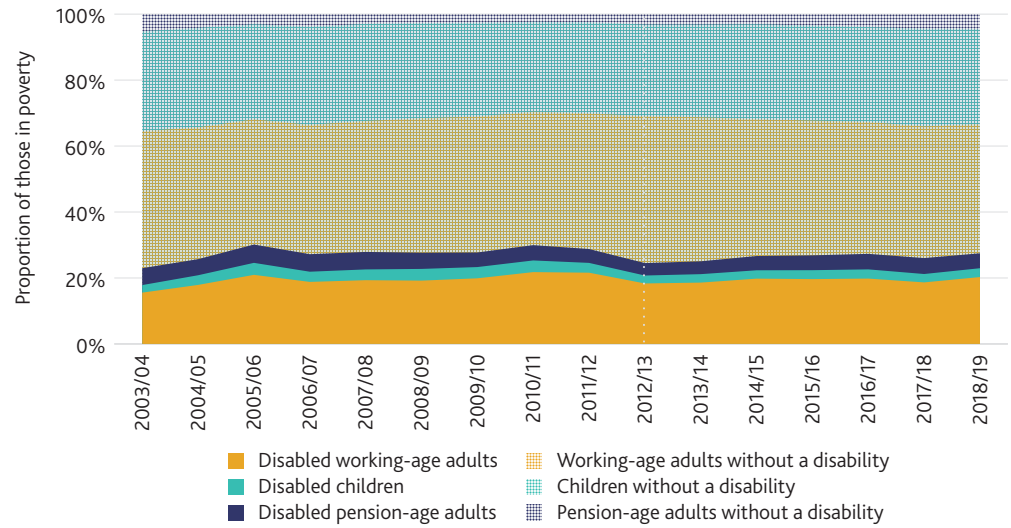


Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13. Estimates for disability are only available from 2003/04 due to data limitations. This applies to all disability estimates in this section.

Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

Figure 93 shows that the proportion of those in poverty who are disabled has increased slightly over the last five years, rising from 25% in 2013/14 to 27% in 2018/19.

Figure 93: Composition of poverty, by individual disability



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 – 2018/19), SMC Analysis.

ANNEXES

ANNEX 1: WHAT IS NEW THIS YEAR?

The Commission's 2018 report established the Commission's principle that any significant changes to measurement methodology should be incorporated as if they had been available to the Commission when it first published its estimates in 2018. The Commission's decision in that year was to ensure that, in changing the methodology of poverty measurement and setting a threshold, it did not change the understanding of the overall level of poverty in the UK. This meant setting the threshold in order to match existing measures of the overall level of poverty in the UK and focussing on the composition and nature of poverty within any given poverty threshold.

To continue this principle, the Commission decided that where methodological changes have a significant impact on the overall number of people in poverty, it will revisit its original threshold decision. The Commission's intention in doing so is to ensure that the Commission's measure of around 14.2 million people in poverty in 2016/17 continues to match that of the after-housing costs version of the Households Below Average Income series.

There have been no major methodological changes this year. There have been a small number of changes to improve the underlying code to ensure it provides the most accurate results. These lead to a small revision (100,000 reduction compared to the Commission's first report) to the measure of poverty in 2016/17. The Commission has judged that this small revision does not warrant a change in the poverty threshold, as doing so would lead to a larger difference from the original 2016/17 results. The Commission's poverty threshold therefore remains at 54% of total resources available for 2018/19.

As the Commission continues to improve its approach, new data becomes available and methodological refinements are made over the next few years, the Commission still expects that adjustments to the threshold will be needed to ensure consistency with its overarching principle. The Commission is also clear that, once all major methodological improvements have been incorporated into the approach, a final decision over a long-term threshold should be made.

The Commission's website^{xix} continues to provide users with access to the underlying code, and an accompanying user guide, that can be used to create the Commission's measures of poverty using the Family Resources (FRS) / Households Below Average Income (HBAI) data. This is allowing a range of analysts and researchers to both recreate the Commission's analysis and also extend and further analyse UK poverty based on its approach. The Commission believes that poverty can only be effectively understood by analysing the incidence of poverty, poverty depth and persistence and Lived Experience Indicators together and would strongly encourage users to approach their analysis in this manner.

ANNEX 2: POVERTY LINES FOR DIFFERENT FAMILIES

In practice, when determining who is in poverty, the Commission’s approach is to set a poverty line specific to the needs of each family. This means that each family’s unequivalised available resources can be compared directly with their poverty line to determine whether they are in poverty.

Table 25 demonstrates these poverty lines for a range of example families. It shows that in 2018/19 a single childless person with less than £157 a week of available resources would be judged to be in poverty. This means that they would need £6 more a week to be judged as not being in poverty than was the case last year. The threshold for a childless couple is £271 a week (£11 higher than last year) and, for a couple with two children, is £439 a week (£17 higher than last year).

Table 25: Poverty lines for different example family types

Family type	2018/19 poverty line (£ available resources per week)
Single, no children	£157
Lone parent	
<i>One child</i>	£211
<i>Two children</i>	£325
Couple, no children	£271
Couple with children	
<i>One child</i>	£325
<i>Two children</i>	£439
Pensioner, single	£157
Pensioner couple	£271

Notes: Indicative poverty thresholds are calculated by typical family type - in one child cases, the child is assumed to be under 14. In two-child cases, one is assumed to be under 14 and one is assumed to be over 14.

Source: Family Resources Survey and HBAI dataset (2018/19), SMC analysis.

ANNEX 3: SURVEY YEARS FOR LIVED EXPERIENCE INDICATORS

The Lived Experience Indicators were selected based on data availability and the themes that the Commission wanted to capture as important to fully understanding lived experience. Each indicator draws on data from either the Family Resources and the Understanding Society surveys and are estimated in a range of different survey years as not all questions are asked every year. The table below provides details on the survey and years that each of the indicators are drawn from.

Domain and indicator	Survey	Most recent data	Last data	Earliest data
Health				
<i>In a family that includes a disabled adult or child</i>	Family Resources	2018/19	2017/18	2000/01
<i>One or more adults in family with poor self-reported physical health</i>	Understanding Society	2017/18	2016/17	2011/12
<i>One or more adults in family with poor self-reported mental health</i>	Understanding Society	2017/18	2016/17	2011/12
<i>One or more adults in family with low life satisfaction</i>	Understanding Society	2017/18	2016/17	2011/12
<i>One or more adults in family with low health satisfaction</i>	Understanding Society	2017/18	2016/17	2011/12
<i>One or more youths in family has drunk to excess in last four weeks</i>	Understanding Society	2016/17	2014/15	2011/12
<i>One or more adults in family has drunk to excess in the last year</i>	Understanding Society	2017/18	2015/16	no data
<i>One or more adults in family smokes cigarettes (not incl. e-cigarettes)</i>	Understanding Society	2016/17	2015/16	2014/15
<i>One or more youths in family has used or taken illegal drugs at least once in the last year</i>	Understanding Society	2017/18	2016/17	2011/12
Education				
<i>No one in family has any formal qualifications</i>	Family Resources	2018/19	2017/18	2008/09
<i>All adults have highest qualification that is below 5A*-C GCSEs or equivalent</i>	Family Resources	2018/19	2017/18	2008/09

Domain and indicator	Survey	Most recent data	Last data	Earliest data
Family, relationships and community				
<i>Single adults</i>	Family Resources	2018/19	2017/18	2000/01
<i>Lone parent families</i>	Family Resources	2018/19	2017/18	2000/01
<i>Single pensioners</i>	Family Resources	2018/19	2017/18	2000/01
<i>Adults in family rarely or never feel close to others</i>	Understanding Society	2015/16	2012/13	no data
<i>One or more youths in family does not feel supported by their family/people who they live with</i>	Understanding Society	2017/18	2016/17	2011/12
<i>One or more adults in family feels unsafe walking alone at night</i>	Understanding Society	2014/15	2011/12	no data
<i>One or more adults in family worries about being affected by crime</i>	Understanding Society	2014/15	2011/12	no data
<i>One or more adults in family does not like living in current neighbourhood</i>	Understanding Society	2014/15	2011/12	no data
<i>One or more adults in family spends time caring for someone</i>	Understanding Society	2017/18	2016/17	2011/12
<i>One or more adults in family perceives local services as poor</i>	Understanding Society	2014/15	2011/12	no data
<i>One or more adults in family thinks people in their neighbourhood cannot be trusted</i>	Understanding Society	2014/15	2011/12	no data
<i>No adults in family are members of an organisation</i>	Understanding Society	2017/18	2014/15	2011/12
<i>One or more adults in family is not willing to improve neighbourhood</i>	Understanding Society	2017/18	2014/15	2011/12
<i>Family's average size of social network is below 5 close friends</i>	Understanding Society	2017/18	2014/15	2011/12

Domain and indicator	Survey	Most recent data	Last data	Earliest data
Family finances				
<i>Family is behind in paying bills</i>	Understanding Society	2017/18	2016/17	2011/12
<i>In a workless family</i>	Family Resources	2018/19	2017/18	2000/01
<i>In a family reporting material deprivation</i>	Family Resources	2018/19	2017/18	2010/11
<i>One or more adults in family with low income satisfaction</i>	Understanding Society	2017/18	2016/17	2011/12
<i>One or more adults in family has felt embarrassed by low income</i>	Understanding Society	2016/17	2015/16	no data
<i>No adult in family saves</i>	Understanding Society	2016/17	2014/15	2012/13
Labour market opportunity				
<i>Proportion of working-age adults who are workless</i>	Family Resources	2018/19	2017/18	2000/01
<i>Average time spent travelling to work for working adults in family (minutes)</i>	Understanding Society	2017/18	2016/17	2011/12

ENDNOTES

- i All data from the current report is drawn from the following three sources:
 - Department for Work and Pensions, Office for National Statistics, NatCen Social Research. (2020). Family Resources Survey, 2018-2019. [data collection]. UK Data Service. SN: 8633, <http://doi.org/10.5255/UKDA-SN-8633-1>.
 - Department for Work and Pensions. (2020). Households Below Average Income, 1994/95-2018/19. [data collection]. 14th Edition. UK Data Service. SN: 5828, <http://doi.org/10.5255/UKDA-SN-5828-12>.
 - University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: Waves 1-9, 2009-2018 and Harmonised BHPS: Waves 1-18, 1991-2009: Special Licence Access. [data collection]. 11th Edition. UK Data Service. SN: 6931, <http://doi.org/10.5255/UKDA-SN-6931-10>.
- ii All figures from polling, unless otherwise stated, are from YouGov Plc data, analysed by the Social Metrics Commission. Total sample size was 84,520 adults. Fieldwork was undertaken between 25th March and 18th May 2020. The surveys were carried out online. The figures have been weighted and are representative of all GB adults (aged 18+). After accounting for missing data on income, household size and economic status, all results use answers from 77,668 adults.
- iii Full questions from which data is drawn: Has the Coronavirus outbreak changed your employment? And Are you currently "furloughed" from your job - i.e. are still being paid but not currently required to do any work?
- iv DWP, (2019), Memorandum to the work and pensions select committee government response to the work and pensions select committee report on welfare safety net, the twenty-eighth report of session 2017-19. Available here: [https://www.parliament.uk/documents/commons-committees/work-and-pensions/Government-Response-WPSC-Welfare-Safety-Net.docx%20\(003\).pdf](https://www.parliament.uk/documents/commons-committees/work-and-pensions/Government-Response-WPSC-Welfare-Safety-Net.docx%20(003).pdf) Accessed 03/06/2020.
- v See here: <https://www.gov.uk/government/news/new-poverty-statistics-developed-to-help-government-target-support> Accessed 03/06/2020.
- vi There was a UK-wide official measure of child poverty, with associated targets, contained in the Child Poverty Act 2010. Targets based on reducing child poverty in the UK were abolished in 2015. Note that Scotland (who have now legislated for new measures and targets), Wales and Northern Ireland have retained measures of poverty based around the Child Poverty Act 2010 definitions.
- vii See <https://www.gov.uk/government/news/new-poverty-statistics-developed-to-help-government-target-support>, accessed 25/06/19.
- viii Social Metrics Commission, (2019). Equivalisation in poverty measures: can we do better? Available here: <https://socialmetricscommission.org.uk/smc-equivalisation-report/> Accessed

22/05/20.

- ix Crisp. R, McCarthy. L, Parr. S, & Pearson. S, (2016), Community-led approaches to reducing poverty in neighbourhoods: A review of evidence and practice', Joseph Rowntree Foundation & Centre for Regional Economic and Social Research, JRF, York.
- x Sherraden M. (2002), Assets and the social investment state, In Paxton W. (ed) Equal Shares? Building a progressive and coherent asset-based welfare policy. London: IPPR.
- xi Note that we also use "related" to refer to two people living together as a couple.
- xii See <https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/2040-poverty-dynamics-review.pdf> . Accessed 13/06/20.
- xiii Note that a pension-age family is defined as one where at least one individual is above state pension age (SPA). Note that that this definition takes account of recent changes to SPA.
- xiv Note that definitions of disability in the Family Resources Survey have changed over this period, so any comparisons should be made with caution.
- xv Family work status was determined by taking all non-retired and non-student adults in the sharing unit, and allocating full-time workers a value of 1, a part-time worker a value of 0.5, and someone who is unemployed, inactive, or studying a value of 0. The average of these scores is then taken for the family. Full-time work families have an average score of greater than/ equal to 0.75, full/part-time work families have a score of between 0.75 and 0.5 (including 0.5 but excluding 0.75), and part-time work families have a score of between 0 and 0.5 (excluding 0 and 0.5). Families that are workless have scores of 0. Note that these categories will include benefit units with all retired adults that are in a sharing unit with a working-age adult who is not retired. For further information please refer to the full SMC report from 2018.
- xvi The use of three-year averages (to ensure sufficient sample sizes) and the fact that harmonised standards for ethnicity questions on the Family Resources Survey mean that results are only available from 2014/15.
- xvii The Commission's approach to measuring persistent poverty relies on Understanding Society. Given the relatively few waves of data available for Understanding Society, it is only possible to report on persistent poverty for 2014/15, 2015/16, 2016/17 and 2017/18. As more waves of data from Understanding Society become available, a fuller account of long-term poverty persistence will become possible, as will an analysis of those who move repeatedly in and out of poverty, who may not be captured by the measure of persistence outlined here.
- xviii Whilst this appears to have occurred between 2015/16 and 2016/17, it should be noted that new assets data was available in Understanding Society in 2016/17 (Understanding Society only collects assets data every four years). The Commission's analysis suggests that the majority of this change in persistent poverty is driven by the inclusion of this new data; meaning that if Understanding Society had more frequent reporting of assets data, it is likely that this fall in persistent poverty would have occurred more gradually over the three years reported.
- xix See <https://socialmetricscommission.org.uk/>



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