



MEASURING
POVERTY

MEASURING POVERTY 2019

A report of the Social Metrics Commission

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

JULY 2019



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.

- Joseph Rowntree Foundation;
- Calouste Gulbenkian Foundation (UK Branch);
- Garfield Weston Trust;
- Oliver Wyman.
- PF Charitable Trust; and
- Mr Sanjit and Mrs Sangeeta Talukdar.

ABOUT THE LEGATUM INSTITUTE

As CEO of the Legatum Institute Baroness Stroud has been 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 global vision: to see all people lifted out of poverty. Our mission is to create the pathways from poverty to prosperity, by fostering Open Economies, Inclusive Societies and Empowered People.

We do this in three ways:

1. Our **Centre for Metrics** which creates indexes and datasets to measure and explain how poverty and prosperity are changing.
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FOREWORD



I established the Social Metrics Commission in 2016 to develop a new measure of poverty for the UK. I wanted this measure to both improve our understanding of poverty in the UK and provide the evidence that policymakers need to make the right decisions to tackle poverty. Perhaps most importantly, by bringing together top thinkers from the left and right, with policy and measurement experts, and by working with the widest range of stakeholders possible, 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.

Three years later and a year on from the launch of the Commission's first report, I am overwhelmed by the support that the Commission's work has won and the efforts of so many people to help us make the case for change. We have certainly had a busy year; our work has been the subject of debate in Parliament, Select Committee hearings and countless presentations and discussions with charities, experts, policymakers and politicians. We have also begun to share our findings and approach with international audiences, including the OECD.

The most important development has, of course, been the UK Government's announcement that the Department for Work and Pensions will be developing experimental statistics based on the Commission's measurement framework. My personal thanks go to all involved in ensuring that this could happen, and the Commission very much looks forward to doing all that it can to support this work as it goes forward. I would also encourage all of those with an interest in poverty measurement and tackling poverty to contribute to this work to ensure that it leads to statistics that provide the best possible understanding of poverty in the UK.

The need to do so is clear. Last year's report outlined the step forward in understanding that the Commission's approach provides. Unlike traditional measures of poverty, our measurement framework does not just look at people's income, but also the wider financial resources that they can rely on and the impact that inescapable costs such as childcare and the impact that disability have on their ability to make ends meet. It strikes a balance between traditionally divisive relative and absolute poverty measures and in doing so, better reflects how our understanding of poverty should respond to changes in societal expectations.

Equally important is the fact that, by assessing the depth and persistence of poverty and capturing a detailed set of Lived Experience Indicators, the framework tells us much more about the nature of poverty and the lives of those experiencing poverty.

To many these developments might sound like simple ideas, but this is the first time they have been brought together into a coherent framework for poverty measurement that can be applied to existing UK data. This year's report continues to show the value in doing so.

For me the fact that, since the early 2000s, under Governments of all colours, the overall poverty rate has remained stubbornly between 21% and 25% indicates the need for more radical and concerted action to tackle poverty.

Within this, there are some areas where improvements have been made. For example, it is encouraging that the average person in poverty is now closer to the poverty line than they were in 2000/01. However, there remain 8.4 million people in the UK who are living in families who are more than 25% below the poverty line.

It is also positive that the proportion of people in poverty who are also in persistent poverty has fallen in recent years, but again, seven million people (49% of those in poverty) still experience persistent poverty. Six in ten (59%) of those more than 50% below the poverty line are in persistent poverty.

Employment rates have also risen for people in poverty and fewer people in poverty now live in workless families. Of course, the flipside of this is that more people in work now live in poverty, with

poverty rates among people in families where adults work part time standing at 58%. In contrast, poverty rates where adults work full time stand at 10%.

This year's report also echoes the concerning finding from last year that nearly half of people in poverty live in a family that includes someone who is disabled. New analysis this year shows that, while the majority (76%) of people in poverty live in a family where the head of household is White, poverty rates among ethnic minority households are as high as 46%.

All of this shows the value of the Commission's more comprehensive approach to poverty measurement. This allows both for a better identification of those in the UK who are struggling most to make ends meet and a deeper analysis of the nature of that poverty and their wider Lived Experiences.

Going forward the Commission will continue to shine a light on these issues, whilst working hard to both develop its measurement approach further and support the development of experimental national statistics. After too many years of divisive debate on how to measure poverty, I now call on people and organisations across, and outside of, the political spectrum to contribute to this work. By doing so we can create consensus around a new measure of poverty for the UK which can both provide us all with a better understanding, as well as providing the guiding light for the action needed to create pathways out of poverty.

A handwritten signature in black ink, appearing to read 'Philippa Stroud', with a stylized flourish at the end.

Baroness Philippa Stroud
CEO of the Legatum Institute

EXECUTIVE SUMMARY

OVERVIEW OF THE COMMISSION'S POVERTY MEASURE

The Social Metrics Commission 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.

THE COMMISSION'S 2019 REPORT

Since its 2018 report, the Commission has continued to build support for its approach to poverty measurement. It was pleased to welcome the Government's announcement that the Department for Work and Pensions would be developing experimental statistics based on the Commission's measurement approach.

The Commission has also continued to develop its approach and consider how future changes will be included within its measure. Its work this year has led to a number of changes to methodology, which are summarised in Annex 1, below.

This report uses the most recent data available¹ to provide a comprehensive account of poverty based on the Commission's measurement framework. It provides both a detailed overview of the extent and nature of poverty in the UK today and original analysis that shows how this has changed since the first year where the data for the Commission's measurement framework is available (2000/01).

WHAT NEXT?

Measuring poverty is essential if action is going to be taken to improve the lives of those currently in poverty in the UK or who, without action, would otherwise be in poverty in future. The Commission believes that, with existing data and research, the approach outlined in its first two reports represents the measure of poverty most likely to build consensus and drive that action on poverty.

However, the Commission also recognises that its work is only the start of what needs to happen. This report and the Commission's 2018 report outline key areas of the Commission's poverty measurement framework that require further development or the collection of new data.

The Commission will continue to work to ensure that, as experimental statistics are developed, they are based on improved survey and administrative data (including on debt and the costs of social care). It will also work to support the development of both a more comprehensive approach to capturing the extra costs of disability and a better understanding of how the needs of different families and individuals can be better reflected in the poverty measure.

In taking this work forward, the Commission will continue to work with the widest range of stakeholders possible to ensure that, once fully developed, the Commission's measurement framework can form the basis of a consensus view on poverty measurement across the Government, the ONS, policymakers and those researching and working with people in poverty.

KEY MESSAGES:

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

- There are 14.3 million people in poverty in the UK. This includes 8.3 million working-age adults; 4.6 million children; and 1.3 million pension-age adults.
- This means that, despite fluctuations, 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 24% seen in 2000/01 (the first available year of results using the Commission's approach).
- However, this trend hides significant changes in rates of poverty among different groups. Poverty rates amongst pension-age adults fell steadily from 19% in 2000/01 to 9% in 2014/15 but have since risen slightly to 11%. Similarly, poverty rates among children dropped from 36% in 2000/01 to 31% in 2014/15, but have now risen slightly to 34%.
- On average, those in poverty have moved closer to the poverty line now than would have been the case in 2000/01. However, a third (31%) of people in poverty – 4.5 million people – are more than 50% below the poverty line, and this proportion has not changed since the millennium.
- Just under half (49%) of those in poverty – 7 million people – are in persistent poverty, meaning they are in poverty now and have also been in poverty for at least two of the previous three years. Rates of persistent poverty vary significantly by different groups, with 2.3 million children, 1.2 million people living in lone-parent families, and 1.8 million of those living in workless households experiencing persistent poverty.
- Poverty persistence is particularly high for those in deep levels of poverty. Three fifths (59%) of those living more than 50% below the poverty line are also in persistent poverty, compared to just over a third (36%) of those living within 5% of the poverty line.
- Nearly half (48%) of people in poverty – totalling 6.8 million people – live in a family where someone is disabled.
- The poverty rate for people living in families where all adults work full time is just 10%, compared to 58% where all adults work part time and 70% in workless families.
- Poverty rates amongst families from ethnic minorities are particularly high. Nearly half (46%) of people in families with a Black head of household and 37% of people in families with an Asian head of household are in poverty, compared to 19% of people in a family with a White head of household. However, 76% of those in poverty live in families with a head of household who is White.

- Poverty rates vary across the UK. Compared to the UK average of 22%, poverty rates are higher in Wales (24%) and London (28%) and lower in the South East (18%), Scotland and Northern Ireland (both 20%).

The Commission's Lived Experience Indicators show that:

- One in five (18%) people in poverty live in a family where no one has any formal qualifications. This compares to 9% of those not in poverty.
- One in ten (8%) people in poverty rarely or never feel close to others, compared to 4% of those not in poverty.
- One in five (21%) people in poverty live in families where adults believe that people in their neighbourhood cannot be trusted. This compares to just 9% of people not in poverty.
- Over two thirds (69%) of people in poverty live in families where no adult saves, compared to 38% of those in families not in poverty.
- As the UK's employment rate has increased, the proportion of working-age adults in poverty who are workless has fallen by nine percentage points since 2000/01 to 52%.
- Since 2000/01 people in poverty are six percentage points less likely to be in a lone-parent family and three percentage points less likely to be a single pensioner. They are four percentage points more likely to be a single adult.

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, the UK no longer has an official measure of poverty for children, adults or pensioners.ⁱⁱ 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	Office of the Children’s Commissioner
Deven Ghelani	Policy in Practice
Prof Paul Gregg	University of Bath
Dr David Halpern	Behavioural Insights Team
Dr Nick Harrison	Oliver Wyman
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	Royal Statistical Society
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 REPORT

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 changes to the approach (detailed in Annex 1 below) and to agree on a forward work plan (outlined at the end of this report).

Most recently, the Commission has warmly welcomed the announcement from the Government that the Department for Work and Pensions will develop experimental statistics based on the Commission's measurement framework.ⁱⁱⁱ This is a major step towards the Commission's ultimate goal of creating new poverty measures that can be used as official statistics in the UK. The Commission is committed to supporting the Department as it takes its work forward, whilst maintaining the independence and impartiality that has underpinned the Commission's work over the last three years.

As part of this, the Commission will continue to publish a yearly report on poverty in the UK, based on its measurement framework. It will also undertake further work to develop its approach to measurement, including work on improvements to how family size and composition are accounted for in its measure (known as equivalisation) and on how the extra costs of disability can be more accurately accounted for. As the Commission takes forward this work, it is committed to working with the widest range of stakeholders possible to continue to build support and consensus around its approach.

WHAT IS NEW THIS YEAR?

This year's report has a number of developments since the Commission's first report. Annex 1 outlines important methodological updates which have been taken on over the last 12 months. These include a Commission decision on how to incorporate significant changes to its methodology in the coming years, before a final approach is agreed and settled by the UK Government. As well as the inclusion of data on debt and social care costs and new approaches to the extra costs of disability, these changes will include ongoing revisions and improvements to the Commission's approach as it builds on feedback from stakeholders.

The Commission has established the principle that these 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 in order to ensure that the Commission's measure of 14.2 million people in poverty in 2016/17 will continue to match that of the after-housing costs version of the Households Below Average Income series. Based on improvements to methodology this year, this has meant revising the poverty threshold to 54% of total resources available.

As the Commission continues to improve its approach, new data becomes available and methodological refinements are made over the next few years, the Commission expects that further adjustments to the threshold will be needed to ensure consistency with this 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.

Based on feedback from stakeholders, other sections include a range of changes to the way results are analysed and reported. These include new analysis of poverty amongst disabled people and new breakdowns of poverty based on ethnicity and age. Reporting of findings on the depth and persistence of poverty and the Commission's Lived Experience Indicators has also been simplified and extended and an experimental timeseries for Lived Experience Indicators has been added.

Alongside this report, the Commission is also publishing 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 will allow 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.

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 and support that can both reduce the incidence of poverty and mitigate the impact of poverty 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';^{iv} 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.^v

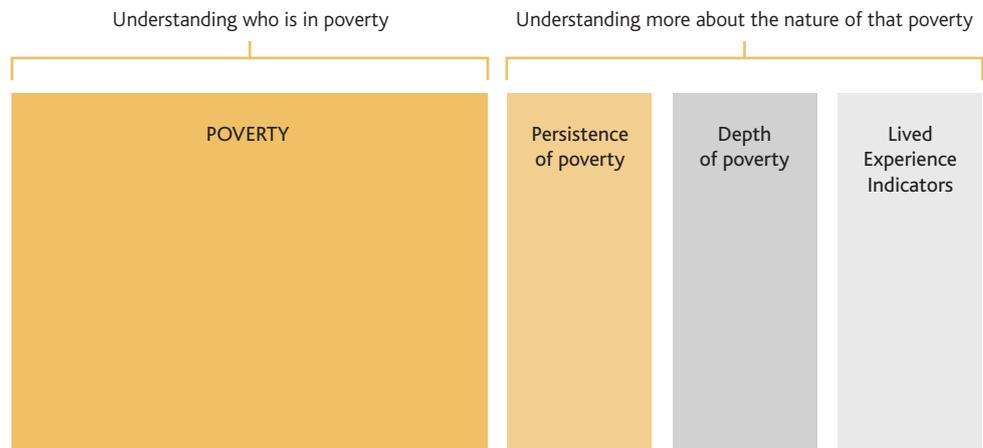
Based on the principles outlined above, the Commission decided to focus its measure of poverty on the extent to which the material resources that someone has available to them now are sufficient to meet the material needs that they currently have.

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 1 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.

Figure1: 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:



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^{vi} 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?

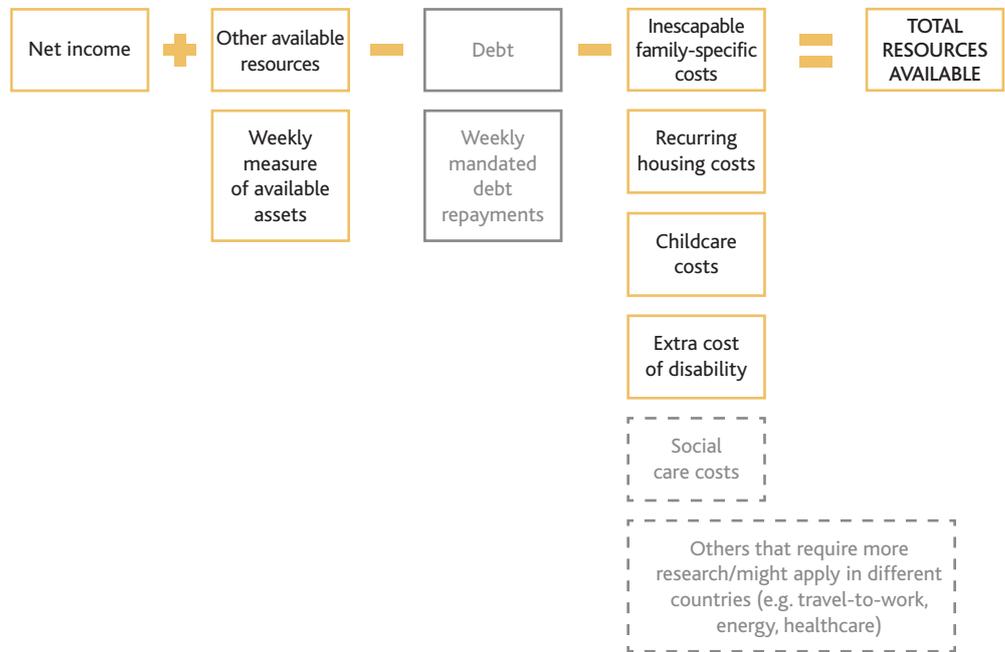
The Commission wanted to develop a new measure of resources that moved beyond the traditional focus on incomes. The motivation for this was the fact that many families both have access to non-income material resources (e.g. liquid assets) or need to spend a portion of their resources on outgoings over 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 2 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 the Commission also strongly recommends further work to explore how the costs of social care could be captured and included.

Figure 2: 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.

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.

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:

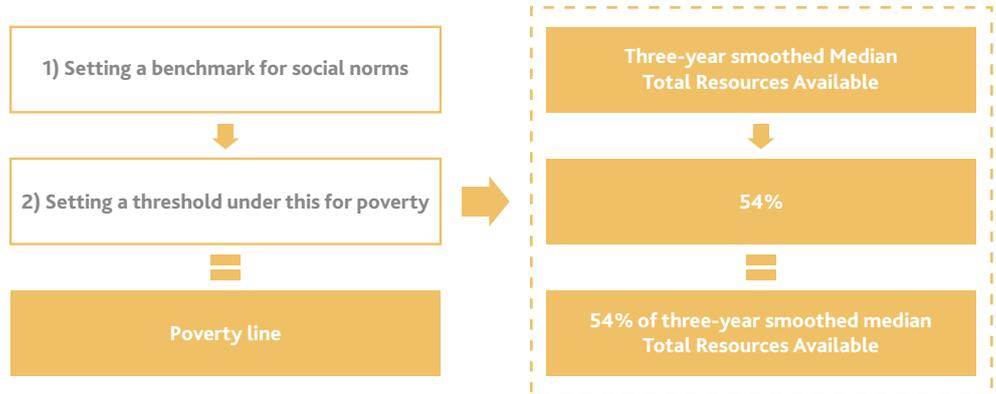
1. To equalise needs using the AHC version of the OECD adjusted equivalence scales; and
2. To note the urgent need for further work to develop equivalence scales that reflect the experience of families in the UK.

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 3. 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.

Figure 3: Commission's approach to setting the poverty line



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.

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 four domains:

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

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.

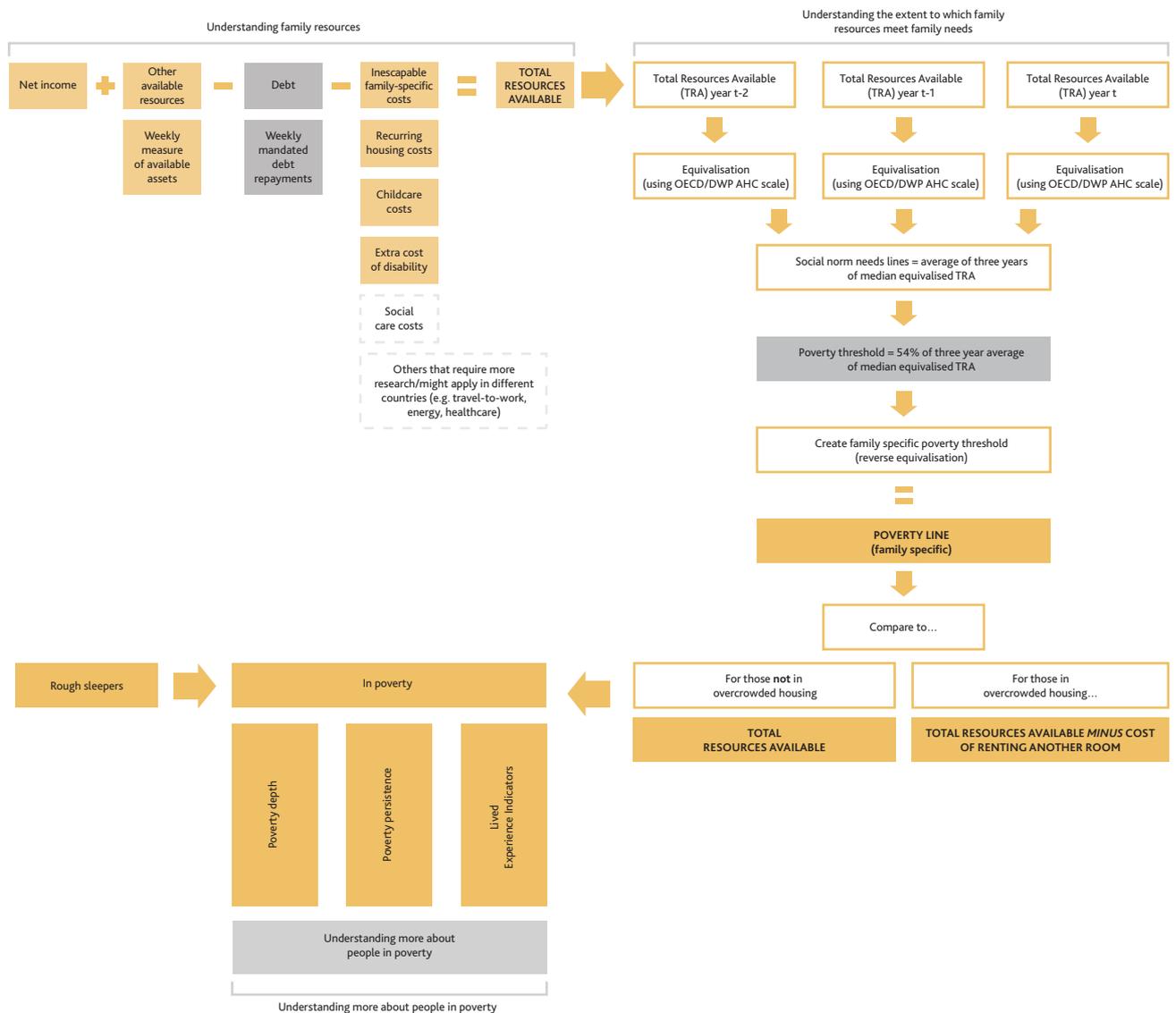
The Commission used data from both the Family Resources and the Understanding Society surveys to capture these factors. The prevalence of each of the factors amongst the population in poverty is compared to that of the population not in poverty, to establish an understanding of some of the differences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

OVERVIEW OF COMMISSION'S APPROACH TO MEASUREMENT

Figure 4 below provides a full overview of the Commission's approach to determining whether or not a specific family is living in poverty.

Figure 4: Overview of the Commission's measurement framework



SECTION TWO: RESULTS HIGHLIGHTS - 2019

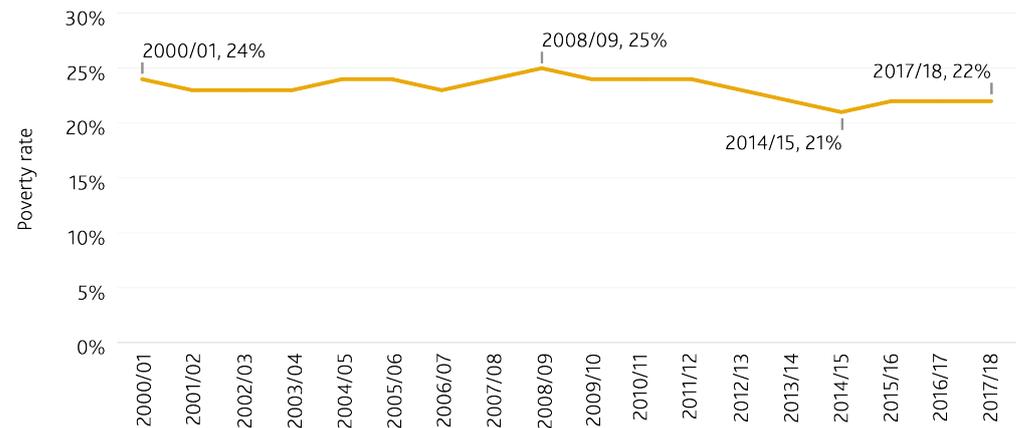
RESULTS HIGHLIGHTS – 2019

This section highlights a set of key messages based on analysis using the Commission’s measurement framework. Results are shown from 2000/01 (the first year of results available using the Commission’s approach) to 2017/18 (the most recently available data).

UK POVERTY OVER TIME

One of the major findings to be drawn from the results in the Commission’s 2018 publication was that, over the course of the last two decades, the overall rate of poverty in the UK has barely changed. Figure 5 shows that, throughout the course of governments from across the political

Figure 5: UK poverty rate since 2000/01



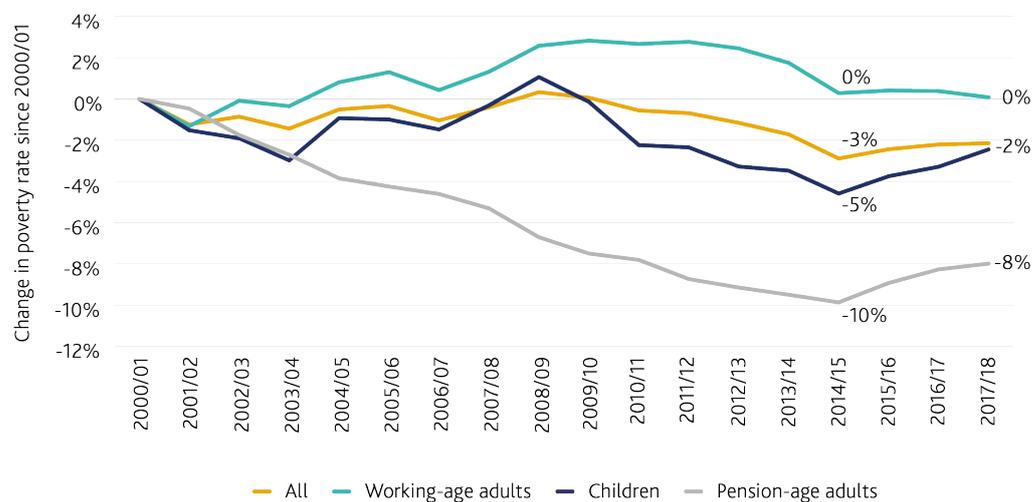
Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

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 25% of the UK population.

That does not mean that nothing has changed. For example, the 2018 report highlighted the significant fall in poverty amongst pension-age individuals that has been seen in the last two decades. However, this report shows that significant improvements in poverty rates since the financial crisis are at risk for some groups.

For example, figure 6 shows that poverty rates amongst pension-age adults fell steadily until 2014/15, when they were 10 percentage points lower than in 2000/01. However, since 2014/15, poverty rates for this group have risen by two percentage points. A similar recent trend can also be seen for child poverty where, after peaking in 2008/09, poverty rates declined steadily up to 2014/15 when they were five percentage points lower than in 2000/01. However, since then, poverty rates for children have risen by three percentage points.

Figure 6: Change in poverty rates since 2000/01, by age



Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

These trends are also reflected in specific groups: for example people in lone-parent families, single pension-age adults and people in families with three or more children. For each, results later in this report that that significant reductions in poverty rates between 2000/01 and 2013/14 have been partly offset by increases in poverty rates in the most recent years.

POVERTY DEPTH

The Commission's 2018 report highlighted one of the key strengths of the Commission's approach over previous poverty measures was the reporting of poverty depth. This allowed the Commission to identify a large number of people living in very deep poverty. This year's report echoes this, finding that of the 14.3 million people in poverty in the UK, 8.4 million are more than 25% below the poverty line. Table 1 shows that this means that nearly six in ten (59%) of all people in poverty are more than 25% from the poverty line. Nearly a third (31%) of all people in poverty are more than 50% below the poverty line.

Table 1: Composition of poverty, by poverty depth, 2017/18

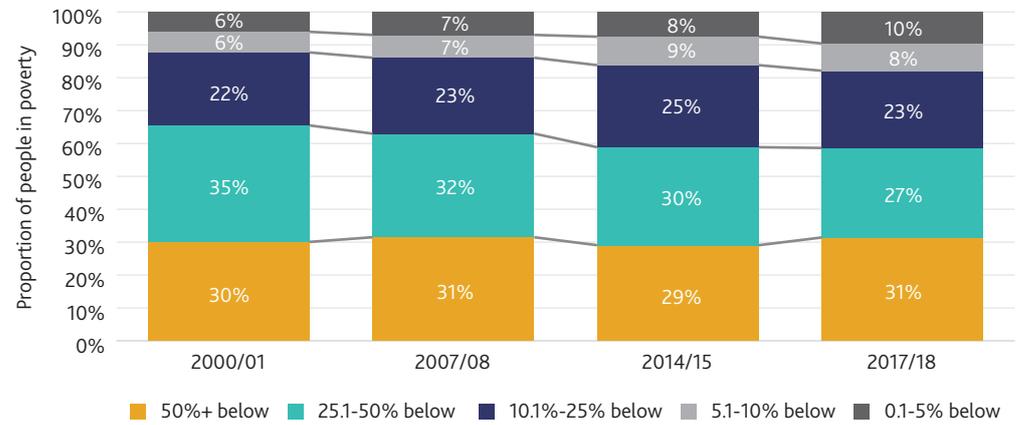
Distance below poverty line	Number of people	% of UK population	% of people in poverty
0.1-5% below the poverty line	1,400,000	2	10
5.1-10% below the poverty line	1,200,000	2	8
10.1%-25% below the poverty line	3,300,000	5	23
25.1-50% below the poverty line	3,900,000	6	27
50%+ below the poverty line	4,500,000	7	31

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Whilst it is of concern that such a large proportion of those in poverty are a long way below the poverty line, there has been an improvement in this situation since 2000/01. In particular, figure 7 shows that the proportion of people in poverty who are between 25.1% and 50% below the poverty line has fallen by eight percentage points since 2000/01 (from 35% of the total population in poverty in 2000/01, to 27% in 2017/18).

It is positive that this has not led to a significant increase in the proportion of those in poverty who are more than 50% below the poverty line. Instead, this fall in the proportion of people in poverty who are between 25.1% and 50% below the poverty line has been offset by an increase in the proportion of people who are less than 25% below the poverty line. In particular, there has been a six percentage point increase in the proportion of those in poverty who are within 10% of the poverty line, meaning that relatively small changes in their situation could move them out of poverty.

Figure 7: Composition of poverty, by poverty depth



Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Whilst this means that, on average, those in poverty are closer to the poverty line than they were in 2000/01, this still leaves the concern that a third (31%) of those in poverty are more than 50% below the poverty line and that this has not changed since 2000/01. The Commission is aware that there are difficulties with accurately capturing incomes for some families and that the quality of income data towards the very bottom of the income distribution looks relatively poor. Overall, this leads the Commission to conclude that urgent research is needed to better understand the experiences and outcomes of people who are measured as being more than 50% below the poverty line. The approach that the Commission has taken to measuring and reporting on the depth of poverty has allowed us to demonstrate the ongoing significance of this group to the overall picture of poverty in the UK that was largely ignored under previous measures. Given the size of this group, changes to our understanding of poverty amongst them might have significant impacts on our overall understanding of UK poverty and how policy can be targeted to tackle it.

PERSISTENT POVERTY, POVERTY DEPTH AND LIVED EXPERIENCE INDICATORS

The Commission's measure of persistent poverty identifies those who are in poverty this year and who have also been in poverty for two out of the last three years. Based on this definition, 49% of those in poverty in 2016/17 were in persistent poverty.^{vii} That means that 11% of the whole population, or around 7 million people, were in persistent poverty in 2016/17.

Rates of persistent poverty vary significantly by different groups. For example, 17% (2.3 million) of all children, 25% (1.2 million) of people living in lone-parent families and 30% (1.8 million) of those living in workless families in the UK live in persistent poverty.

As well as reporting on persistent poverty, poverty depth and Lived Experience Indicators separately, this year's report introduces an analysis of persistent poverty by poverty depth. It also reports on the Commission's Lived Experience Indicators split between those in poverty and those in persistent poverty.

Table 2 shows a breakdown of persistent poverty for people living in families at different depths of poverty. The results clearly show the interaction between the depth of poverty and poverty persistence. Less than four in ten (36%) of those closest to the poverty line (less than 5% below) are also in persistent poverty, compared to more than half of those who are more than 25% below the poverty line.

Table 2: Persistent poverty for people living in families at different depths of poverty, 2016/17

	All	Working-age adults	Children	Pension-age adults
	% of all people in poverty who are also in persistent poverty	% of all working-age adults in poverty who are also in persistent poverty	% of all children in poverty who are also in persistent poverty	% of all pension-age adults in poverty who are also in persistent poverty
Living in a family 0-5% below the poverty line	36	39	41	16
Living in a family 5.1-10% below the poverty line	50	53	55	21
Living in a family 10.1%-25% below the poverty line	50	53	51	30
Living in a family 50%+ below the poverty line	59	60	64	28

Source: Understanding Society (2009/10 – 2016/17). SMC analysis.

The analysis of Lived Experience Indicators also demonstrates significant differences between the experience of poverty for people in persistent poverty. For example, compared to those in non-persistent poverty, those in persistent poverty are:

- Four percentage points more likely to live in a lone-parent family and four percentage points more likely to be a single adult;
- Ten percentage points more likely to live in a workless family;
- More likely to report poor physical and mental ill health and low health satisfaction; and
- 50% more likely to live in a family that is behind paying the bills.

Table 3: Lived Experience Indicators by persistent poverty

	Proportion of people in persistent poverty who have characteristic listed (%)	Proportion of people in non-persistent poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
Family, relationships and community			
<i>Single adults</i>	25	21	19
<i>Lone parent families</i>	16	12	5
<i>Single pensioners</i>	2	6	10
<i>Adults in family rarely or never feel close to others</i>	8	8	4
<i>One or more youths in family does not feel supported by their family/people who they live with</i>	4	0	3
<i>One or more adults in family feels unsafe walking alone at night</i>	32	27	22
<i>One or more adults in family worries about being affected by crime</i>	50	51	51
<i>One or more adults in family does not like living in current neighbourhood</i>	15	10	7
<i>One or more adults in family spends time caring for someone</i>	34	30	30
<i>One or more adults in family perceives local services as poor</i>	43	40	41
<i>One or more adults in family thinks people in their neighbourhood cannot be trusted</i>	26	17	9
<i>No adults in family are members of an organisation</i>	59	51	29
<i>One or more adults in family is not willing to improve neighbourhood</i>	17	15	12
<i>Family's average size of social network is below 5 close friends</i>	70	63	56
Education and labour market opportunity			
<i>All adults have highest qualification that is below 5a*-c GCSEs or equivalent</i>	25	25	17
<i>Average time spent travelling to work for working adults in family (minutes)</i>	22	22	26
Health			
<i>In a family that includes a disabled adult or child</i>	42	32	34
<i>One or more adults in family with poor self-reported physical health</i>	29	23	21
<i>One or more adults in family with poor self-reported mental health</i>	37	31	24
<i>One or more adults in family with low life satisfaction</i>	18	14	11
<i>One or more adults in family with low health satisfaction</i>	26	19	17

	Proportion of people in persistent poverty who have characteristic listed (%)	Proportion of people in non-persistent poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
<i>One or more youths in family has drunk to excess in last four weeks</i>	44	53	65
<i>One or more adults in family has drunk to excess in the last year</i>	55	64	68
<i>One or more adults in family smokes cigarettes (not incl. e-cigarettes)</i>	40	30	20
<i>One or more youths in family has used or taken illegal drugs at least once in the last year</i>	14	18	21
Family finances			
<i>Family is behind in paying bills</i>	30	20	8
<i>In a workless family</i>	36	23	7
<i>One or more adults in family with low income satisfaction</i>	32	23	14
<i>One or more adults in family has felt embarrassed by low income</i>	50	36	23
<i>No adult in family saves</i>	72	65	37

Source: Understanding Society (2014/15–2016/17), SMC Analysis.

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

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 – HEADLINES IN 2017 / 18

Under the Commission’s poverty measure, 14.3 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, which suggested that 14.2 million people in the UK were in poverty in 2016/17.

Within the 14.3 million people living in poverty in 2017/18, there are 4.6 million children (34% of children), 8.3 million working-age adults (21% of working-age adults) and 1.3 million pension-age adults (11% of pension-age adults).

Figure 8: Composition of poverty and poverty rates in the UK, by age, 2017/18

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



Poverty rates in the UK (2017/18):

- 22%** Of the overall population are in poverty
- 21%** Of working-age adults are in poverty
- 34%** Of children are in poverty
- 11%** Of pension-age adults are in poverty

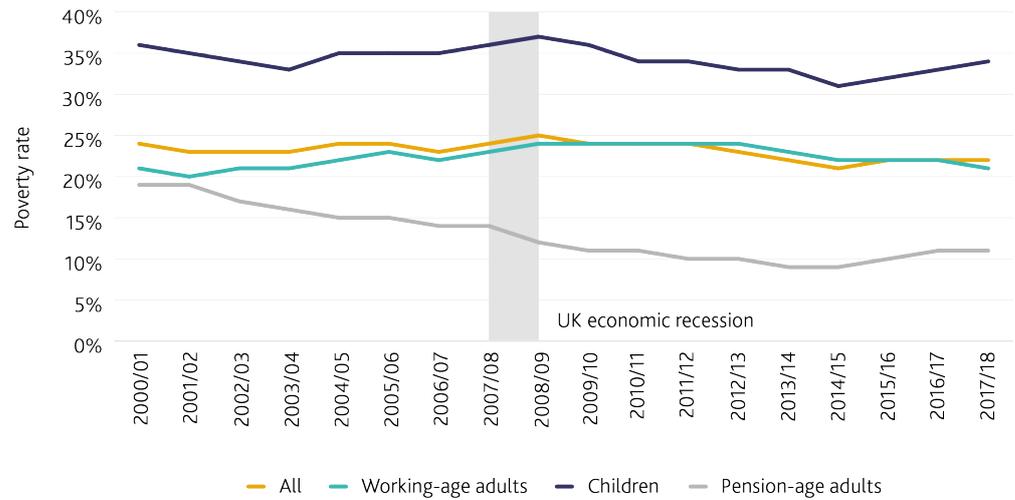
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

More broadly, figure 9 shows how poverty rates have changed since 2000/01. Overall, it shows that over this time period, poverty rates for the UK population have been consistently between 21% and 25%. Within this, poverty rates peaked at 25% in 2008/09, as the impact of the financial crisis was felt, before falling back to the level now seen since 2013/14.

Whilst there has been little movement in the overall rate of poverty in the UK, over the same period, the poverty rate for pension-age adults has fallen from 19% in 2000/01 to 11% in 2017/18. The child poverty rate has also fallen slightly since 2000/01 (from 36% to 34%). Looking over a ten-year period, poverty rates are lower in 2017/18 than they were pre-financial crisis in 2007/08.

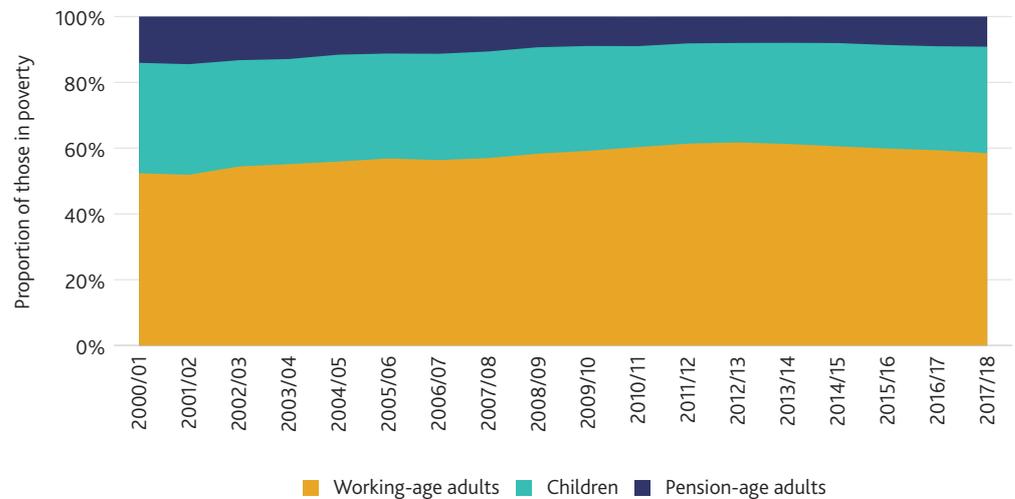
Figure 9: Poverty rates for the UK population, by age, over time



Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), 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 take up a larger proportion of the group, while pension-age adults represent a lower proportion of the total.

Figure 10: 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 (1998/99–2017/18), 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 [Headline_fam] shows that more than half (53%) 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.

Whilst poverty rates amongst lone parents 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 11 shows that the 5.9 million people in poverty who live in couple families with children represent more than four in ten (41%) of all of those in poverty. Single people with no children represent the second largest group of people in poverty. There are three million people in this group.

Figure 11: Composition of poverty and poverty rates in the UK, by family types that people live in, 2017/18

14.3 million people in poverty in the UK (2017/18), of which:

3,000,000



Single people with no children

2,600,000



People in lone-parent families

1,400,000



People in couple families with no children

5,900,000



People in couple families with children

Poverty rates in the UK (2017/18):

25%

Of single people with no children are in poverty

53%

Of people in lone-parent families are in poverty

11%

Of people in couple families with no children are in poverty

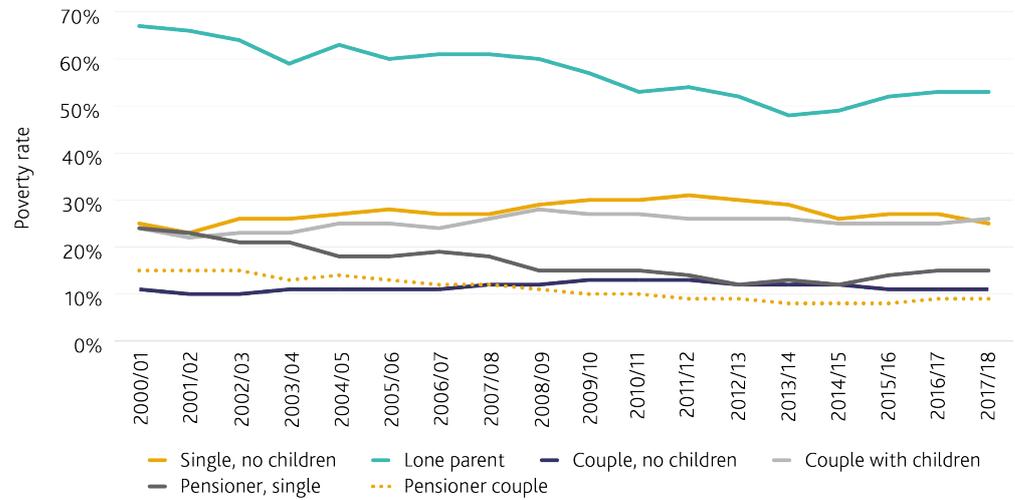
26%

Of people in couple families with children are in poverty

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.

Figure 12 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 over the last five years, the poverty rate remains 14 percentage points below the rate seen in 2000/01 and eight percentage points below the rate seen pre-recession in 2007/08.

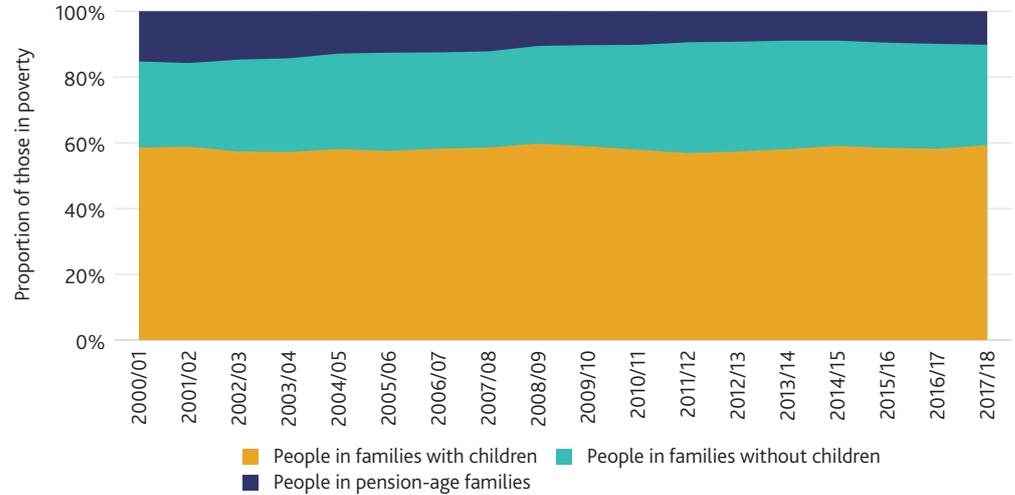
Figure 12: Poverty rates for the UK population, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 13 shows that, since the early 2000s, there has been a shift in the composition of poverty from those families aged over the pension age^{viii} (falling from 15% of the population in poverty in 2001/02 to 10% in 2017/18), to working-age families without children (increasing from 26% of the population in poverty, to 31% in 2017/18). The proportion of the total population in poverty accounted for by people living in families with children has remained fairly constant at around 59%.

Figure 13: 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 - 2017/18), 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 (28%) than they are for people living in families where no one is disabled (19%). More than four in ten people (41%) living in a family that includes both a disabled adult and child are living in poverty.

Overall, 6.8 million people in poverty are living in families that include a disabled adult or child. This means that nearly half (48%) of people in poverty live in a family where someone is disabled.

Figure 14: Composition of poverty and poverty rates in the UK, by whether the family includes a disabled person, 2017/18

14.3 million people in poverty in the UK (2017/18), of which:

6,800,000



People in families that include a disabled adult or child

7,500,000



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

6.8 million people in poverty in the UK in families that include a disabled person (2017/18), comprised of:

5,400,000



People in families that include 1 or more disabled adults and no disabled children

600,000



People in families that include disabled children and no disabled adult

700,000



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

Poverty rates in the UK (2017/18):

28%

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

19%

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

26%

Of people living in families that include 1 or more disabled adults and no disabled children are in poverty

28%

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

41%

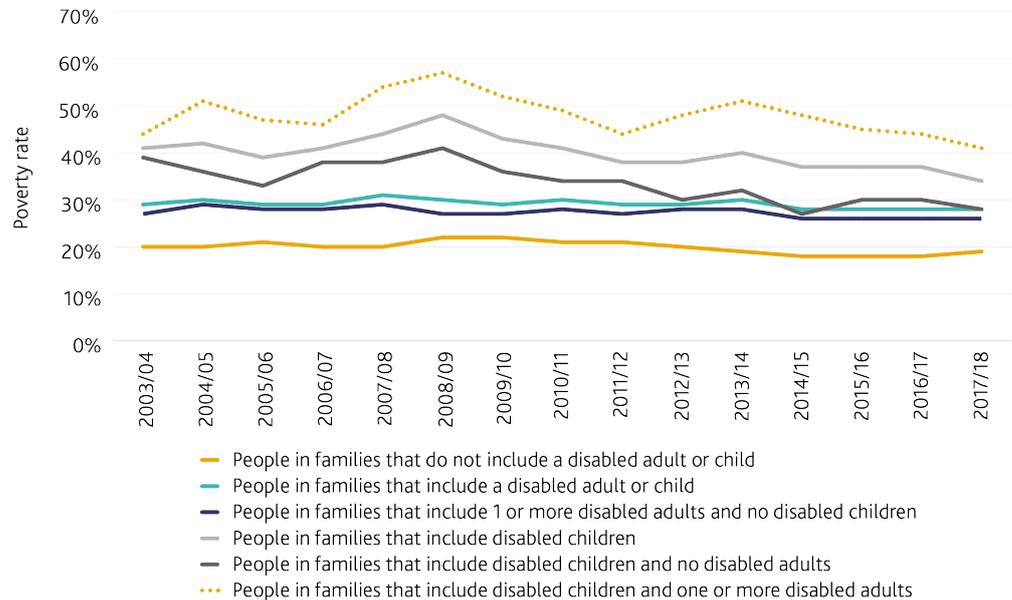
Of people living in families that include disabled children and one or more disabled adults are in poverty

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 (2017/18), SMC analysis.

Figure 15 demonstrates that, since 2003/04, although on a very slight downward trajectory, around three in ten people living in families that include a disabled person have been in poverty. Within this, the last ten years have seen more 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 2017/18, compared to 44% in 2007/08.

Figure 15: Poverty rates for the UK population, by whether the family includes a disabled person, over time

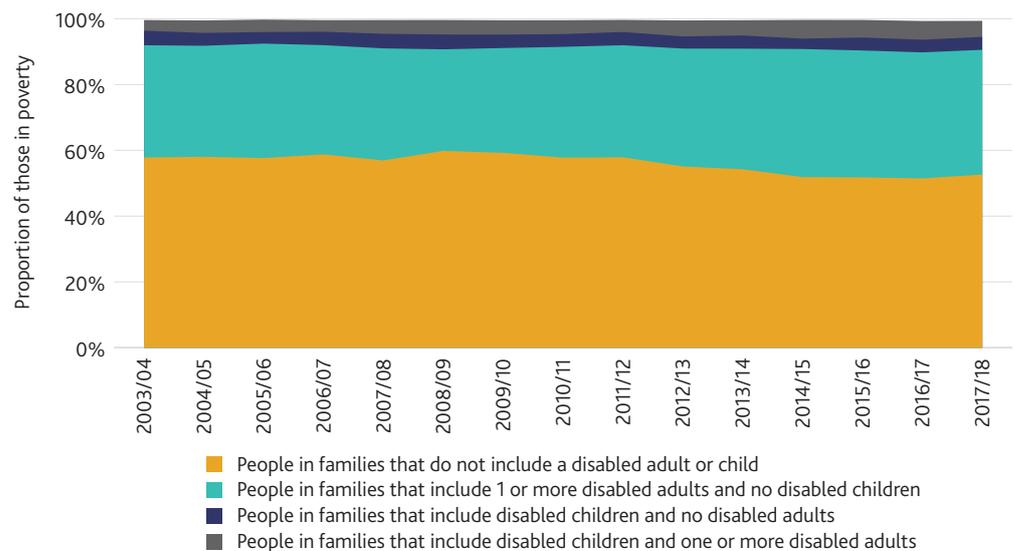


Notes: Estimates for disability are only available from 2003/04 due to data limitations. This applies to all disability estimates in this section.

Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

Figure 16 demonstrates how the composition of people in poverty has changed between those who live in families where someone is disabled, and those who live in families where no one is disabled. It shows that the proportion of people living in families with a disabled person is broadly the same as it was in 2003/04. Note that definitions of disability in the Family Resources Survey have changed over this period, so any comparisons should be made with caution.

Figure 16: Composition of poverty, by whether the family includes a disabled person



Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

Work status

Figure 17 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:

- **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 adults in the family work part time, others do not work; and
- **Workless family:** None of the adults undertake any paid work.

Based on these definitions,^{ix} more than six in ten (63%) people in poverty in the UK live in a family where someone works.

Figure 17: Composition of poverty and poverty rates in the UK, by family work status, 2017/18

14.3 million people in poverty in the UK (2017/18), of which:

3,300,000



People in a full-time work family

3,900,000



People in a full/part-time work family

1,800,000



People in a part-time work family

4,000,000



People in a workless family

1,000,000



People in a retired family

Poverty rates in the UK (2017/18):

10%

Of people living in families where all adults work full time are in poverty

28%

Of people living in families where the adults work a mixture of full time and part time are in poverty

58%

Of people living in families where all adults work part time are in poverty

70%

Of people living in workless families are in poverty

11%

Of people living in retired families are in poverty

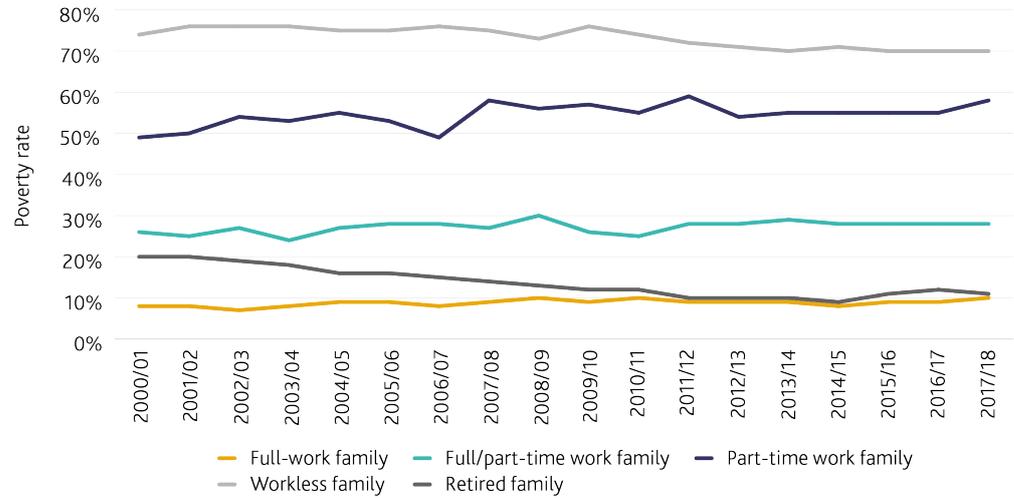
Notes: Excludes sharing units where all adult members are students. Figures have been rounded, so may not sum perfectly. Family work status allocated in accordance with the approach summarised below. This applies to all estimates for family work status in this section.

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

However, the experience of poverty varies significantly between families with different levels of work intensities. For example, more than half (58%) of people where all adults work part time are in poverty. This compares to just one in ten (10%) of those people living in families where all adults work full time. Figure 17 also shows that 70% of those living in workless families are in poverty.

Figure 18 shows how the poverty rate for people in working-age families, split by family work status, has changed over time. The most significant changes are seen in the poverty rate amongst part-time work families, which rose by nine percentage points (to 58%) between 2000/01 and 2007/08 and has remained at around this level since. In contrast, the poverty rate for workless families has fallen by four percentage points over the same time period.

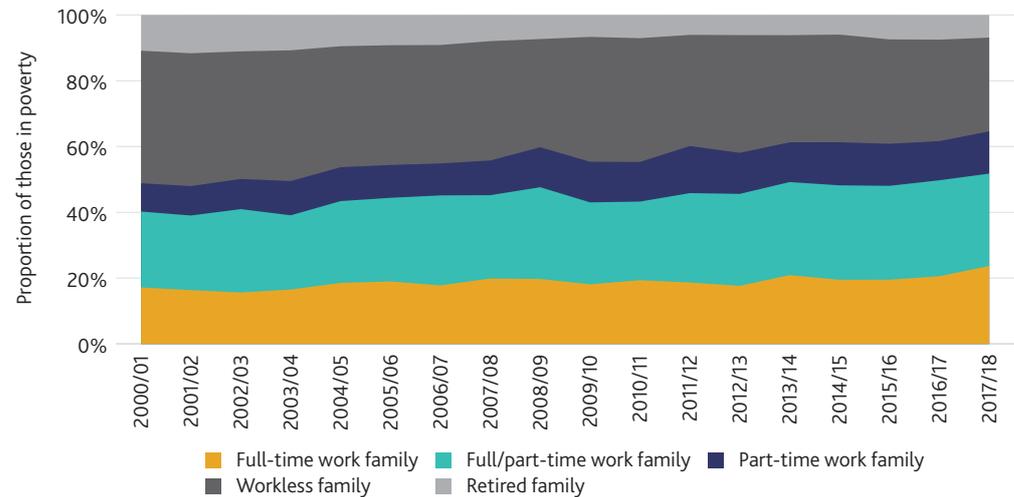
Figure 18: Poverty rates for the UK population, by family work status, over time



Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

Whilst poverty rates are far lower for families where adults work, the composition of poverty in the UK has shifted towards families where someone works at least part time. Figure 19 shows that nearly two thirds (65%) of those in poverty live in families where at least one person is working part time. The equivalent figure in 2007/08 was 56%, and in 2000/01 was 49%. 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 15% in 2000/01 to 10% of the population in 2017/18. Over the same time period, the proportion of working-age adults and children in working families has increased from 85% to 90%.

Figure 19: Composition of poverty, by family work status



Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

Housing tenure

Figure 20 demonstrates how people in poverty in the UK are split between families in different housing tenures. The majority (68%) of people in poverty are in the social- or private-rented sector.

Figure 20: Composition of poverty and poverty rates in the UK, by housing tenure, 2017/18

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

5,300,000



People in families living in social-rented accommodation

4,400,000



People in families living in private-rented accommodation

3,100,000



People in families living in mortgaged-owned accommodation

1,400,000



People in families living in owned-outright accommodation

Poverty rates in the UK (2017/18):

50%

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

35%

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

13%

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

8%

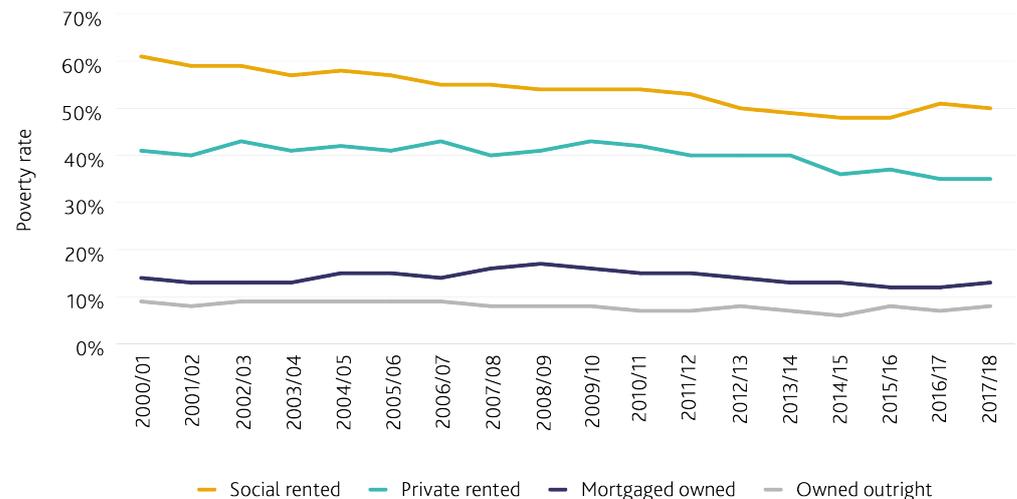
Of people in families living in owned-outright accommodation are in poverty

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 (2017/18), SMC analysis.

There have also been changes in the overall poverty rates for people living in different housing tenures. Figure 21 shows that poverty rates amongst those in social- and private-rented accommodation have fallen over the last 15 years, but they remain significantly higher than for people in owner-occupied accommodation.

Figure 21: Poverty rates for the UK population, by housing tenure, over time

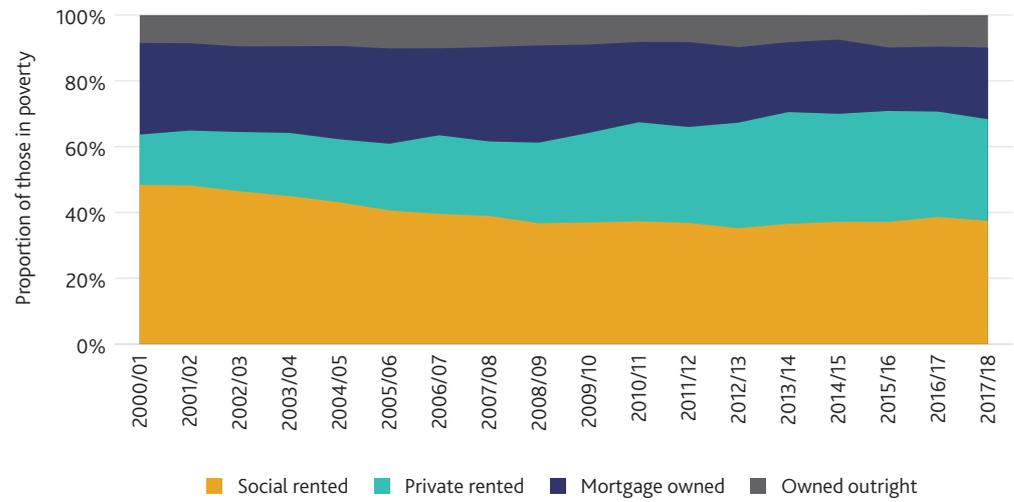


Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

Since 2000/01 there has been a significant increase in the proportion of the overall UK population who live in the private rented sector; rising from 8.1% of the population in 2000/01 to 19.3% in 2017/18.

This large increase in the renting population has meant that, although poverty rates for those in the private-rented sector have fallen, the proportion of those in poverty who live in the sector has increased over time. Having only accounted for 14% of the population in poverty in 2000/01, this group now account for nearly a third (31%) of the population in poverty.

Figure 22: Composition of poverty, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Ethnicity

The majority (76%) of people in poverty live in families with a head of household who is White. However, poverty rates for this group are the lowest of all ethnic groups. For example, while 19% of people living in families with a head of household who is White are in poverty, the equivalent figure for people living in families with a head of household who is Asian / Asian British is 37%. Nearly half (46%) of people living in families where the head of household is Black / African / Caribbean / Black British are in poverty.

Figure 23: Composition of poverty and poverty rates in the UK, by ethnic group of household head, 2017/18

14.3 million people in poverty in the UK (2017/18), of which:

10,900,000



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

1,700,000



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 (2017/18):

19%

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

35%

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

37%

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

44%

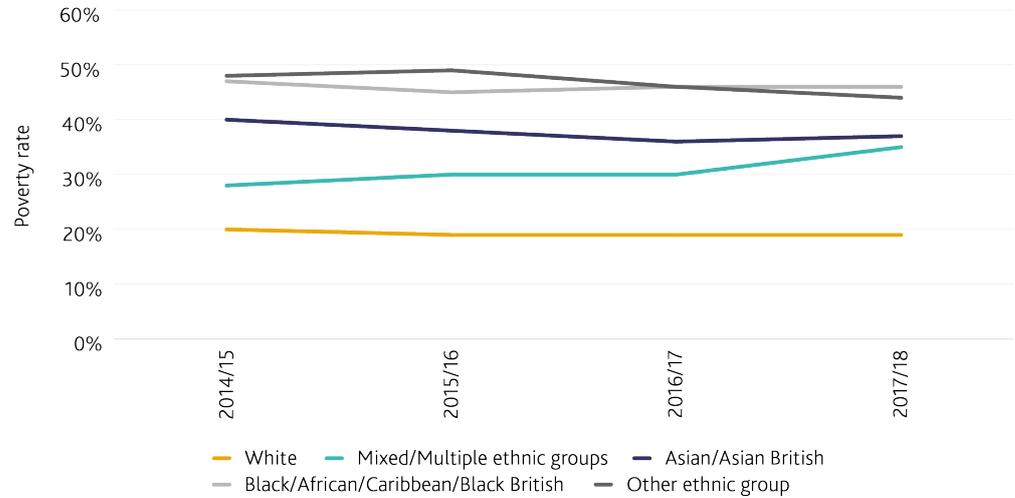
Of people in families living with a head of household who is from any other ethnic group are in poverty

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 (2017/18), SMC analysis.

Figure 24 shows that, since 2014/15^x, around one in five (20%) people in families where the head of household is White are in poverty. Poverty rates for people in families where the head of household is from another ethnic group have changed a little over this period. In particular, poverty rates for families where the head of household is from a mixed / multiple ethnic group have increased over the period.

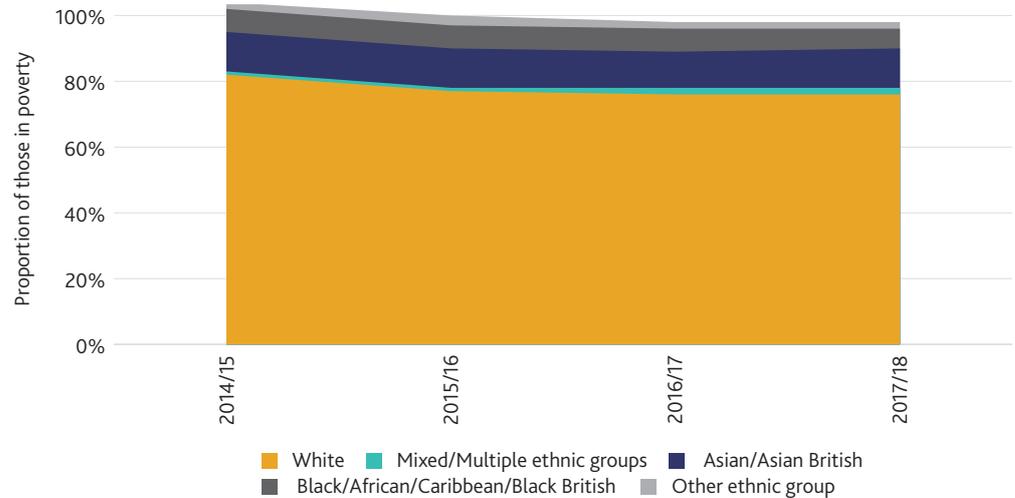
Figure 24: Poverty rates for the UK population, by ethnic group of household head, over time



Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

Given the fact that people in families where the head of household is White comprise the majority of all people in poverty, and the stability of poverty rates for this group, it is no surprise that the overall composition of poverty over the years since 2014/15 has remained relatively constant.

Figure 25: Composition of poverty, by ethnic group of household head



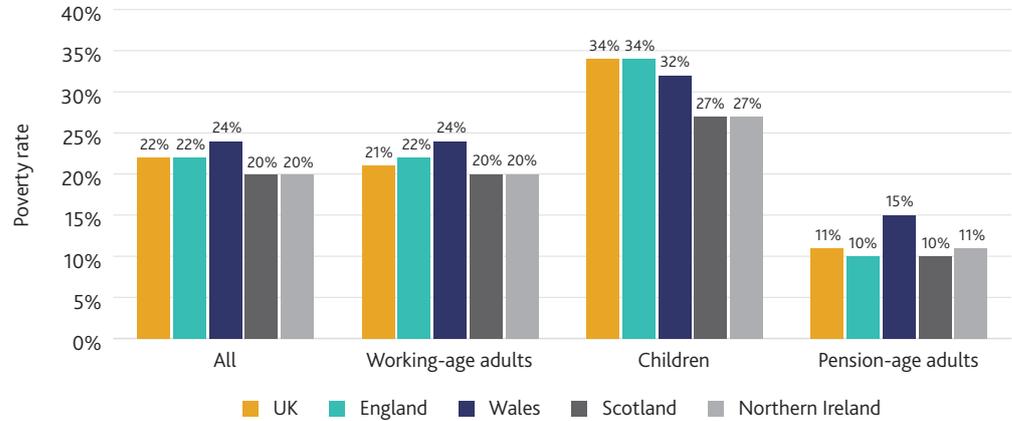
Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

POVERTY ACROSS THE UK

UK countries

This section considers poverty across different parts of the UK. Figure 26 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 26: Poverty rates for the UK population, by country and age, 2017/18

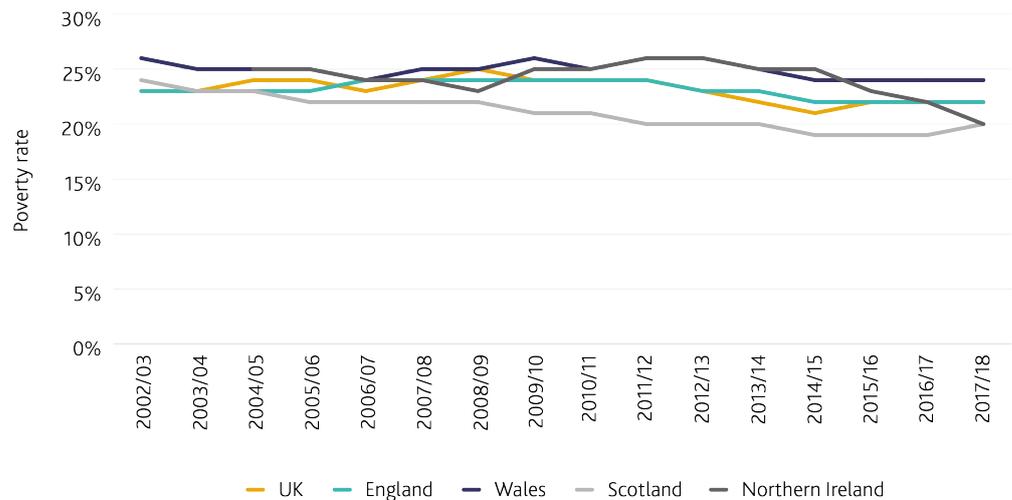


Notes: To provide a sufficient sample size, estimates for each country are presented as three-year averages, in line with current HBAI approaches. As such, the 2017/18 figure represents averages of figures from 2015/16–2017/18. This applies to all sub-national estimates in this section.

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Figure 27 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. Changes in Scotland have been different, where up to 2015/16 the poverty rate had been on a steady downward trend for more than a decade. However, in the most recent two years of data, the poverty rate in Scotland has risen. In contrast, poverty rates in Northern Ireland have fallen dramatically in the five years to 2017/18 (from 26% in 2012/13 to 20% in 2017/18).

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



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Table 4 shows how the poverty rates for people living in different types of families vary across the countries in the UK.

Table 4: Poverty rates for the UK population, by family type and country, 2017/18

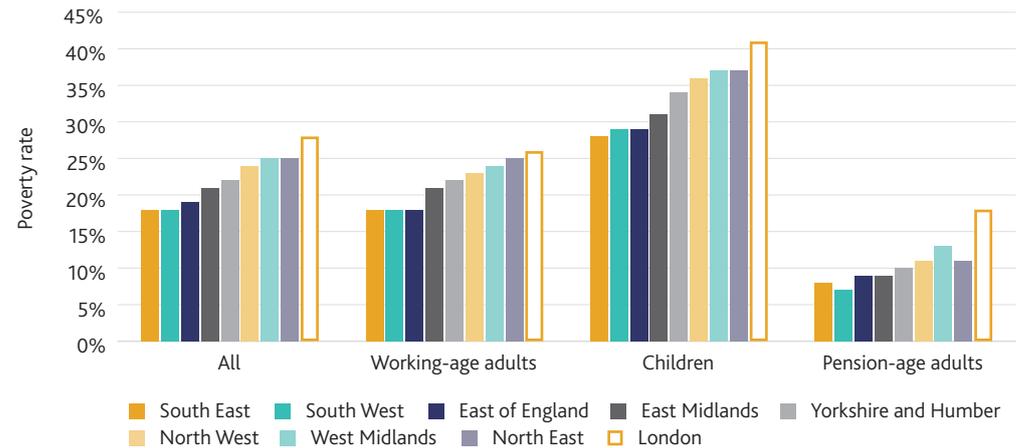
	England	Wales	Scotland	Northern Ireland
Single, no children	25%	32%	26%	26%
Lone parent	54%	46%	42%	48%
Couple, no children	11%	13%	11%	9%
Couple with children	27%	24%	21%	18%
Pensioner, single	16%	13%	13%	12%
Pensioner, couple	9%	11%	7%	12%

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Areas within England

Differences in poverty rates between English regions are larger than between the countries of the UK. For example, the overall poverty rate in London (28%) is 10 percentage points higher than in the South West (18%) and child poverty in London is 13 percentage points higher than in the South East.

Figure 28: Poverty rates for the UK population, by English region and age, 2017/18



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 2017/18 figure represents averages of figures from 2014/15–2017/18. This applies to all regional estimates in this section.

Source: Family Resources Survey and HBAI dataset (2017/18), 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 demonstrated 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 8.4 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 2.6 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, 2017/18

Distance below poverty line	Number of people	% of UK population
0.1-5% below the poverty line	1,400,000	2
5.1-10% below the poverty line	1,200,000	2
10.1%-25% below the poverty line	3,300,000	5
25.1-50% below the poverty line	3,900,000	6
50%+ below the poverty line	4,500,000	7

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 in this section.

Source: Family Resources Survey and HBAI dataset (2017/18), 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, 2017/18

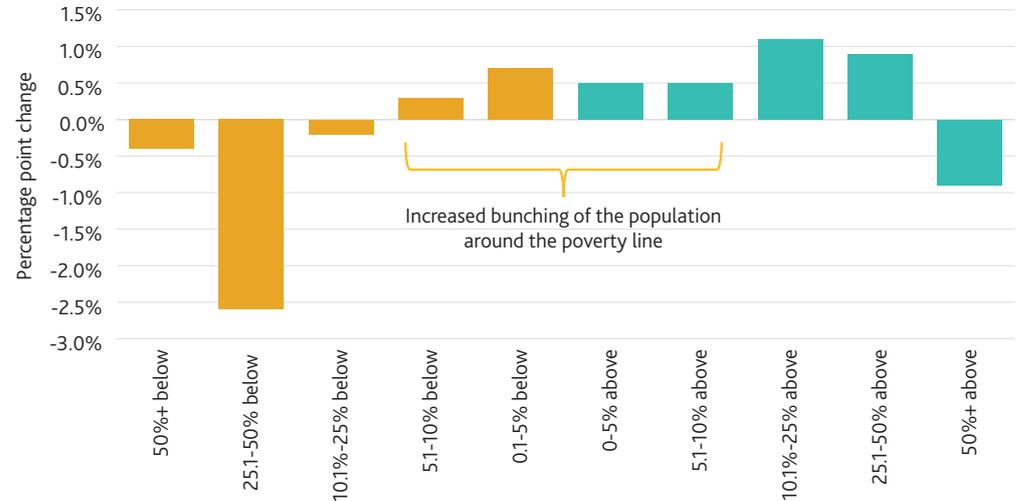
Distance above poverty line	Number of people	% of UK population
0.0-5% above the poverty line	1,300,000	2
5.1-10% above the poverty line	1,200,000	2
10.1%-25% above the poverty line	3,500,000	5
25.1-50% above the poverty line	5,200,000	8
50%+ above the poverty line	39,100,000	61

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Changing poverty depth over time

Figure 29 shows how the proportion of the total population at various depths of poverty has changed since 2000/01. It shows that there has been a large reduction (over 2.5 percentage points) in the proportion of the UK population who are between 25% and 50% below the poverty line. Alongside this, there is now a larger proportion of the population bunched around the poverty line; represented by a two percentage point rise in the proportion of the population who are between 10% below and 10% above the poverty line.

Figure 29: Change in proportion of UK population at different depths of poverty, since 2000/01



Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

POVERTY PERSISTENCE

The Commission defines persistent poverty as the situation where a person lives in a family currently regarded as being in poverty and, as well as that, the individual would also have been regarded as being 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.^{xi}

PERSISTENT POVERTY IN 2016/17

Based on this definition, 49% of those in poverty in 2016/17 were in persistent poverty. That means that 11% of the whole population, or 7 million people, were in persistent poverty in 2016/17. Rates of persistent poverty vary by age group, with 17% of all children in the UK living in persistent poverty, compared to just 3% of pension-age adults.

Figure 30: Persistent poverty in the UK, 2016/17

7 million people in persistent poverty in the UK (2016/17), comprised of:

4,300,000

Working-age adults

2,300,000

Children

400,000

Pension-age adults

Poverty rates in the UK (2017/18):

49%
Of all people in poverty are in persistent poverty

11%
Of the whole UK population are in persistent poverty

11%
Of working-age adults in the UK are in persistent poverty

17%
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 (2011/12 – 2016/17). SMC analysis

PERSISTENT POVERTY OVER TIME

Table 7 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 significantly for all age groups since 2014/15.^{xii}

Table 7: 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 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 status) who are in persistent poverty	% of all children in poverty who are also in persistent poverty	% of all children (regardless of 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 status) who are in persistent poverty
2014/15	55	11	56	11	55	16	43	3
2015/16	57	11	59	12	57	18	43	3
2016/17	49	11	51	11	52	17	28	3

Source: Understanding Society (2009/10 – 2016/17). 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). It also splits this by age; showing for example, the proportion of children or working-age adults who are living in each group who are in persistent poverty.

Table 8 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, 56% of all people living in lone-parent families in poverty are also in persistent poverty. The proportion is slightly lower for people living in poverty in a couple family with children, where 50% 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 three in ten of those in poverty are also in persistent poverty.

Rates of persistent poverty across each of these groups are also different. For example, 25% of all children living in lone-parent families live in persistent poverty, compared to 15% of children in couple families with children.

Table 8: Persistent poverty for people living in different family types, 2016/17

	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
Single, no children	53	13	53	13	..	..	..	..
Lone parent	56	25	57	24	55	25	..	..
Couple, no children	45	6	45	6	..	..	..	..
Couple with children	50	14	50	13	51	15	..	..
Pensioner, single	27	3	..	..	..	..	26	3
Pensioner couple	32	3	46	5	..	..	29	2

Source: Understanding Society (2009/10 – 2016/17). SMC analysis.

Table 9 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. For example, just 4% of children living in a family where all adults work full time are in persistent poverty, compared to 38% of children living in a workless family. Equally, 39% of all people living in poverty in families where all adults work full time are also in persistent poverty, compared to 56% of people living in a workless family.

Table 9: Persistent poverty for people living in families with different work statuses, 2016/17

	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
All retired family	28	2	48	5	..	..	26	2
Full work family	39	3	37	2	43	4	21	0
Full/part-time work family	47	13	47	11	49	19	29	1
Part-time work family	52	26	52	26	52	33	38	8
No work/workless family	56	30	59	34	59	38	30	8

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

Source: Understanding Society (2009/10 – 2016/17). SMC analysis.

Table 10 shows a breakdown of persistent poverty for people living in families at different depths of poverty. The results clearly show the interaction between the depth of poverty and poverty persistence. Less than four in ten (36%) of those closest to the poverty line (less than 5% below) are also in persistent poverty, compared to more than half of those who are more than 25% below the poverty line.

Table 10: Persistent poverty for people living in families at different depths of poverty, 2016/17

	All	Working-age adults	Children	Pension-age adults
	% of all people in poverty who are also in persistent poverty	% of all working-age adults in poverty who are also in persistent poverty	% of all children in poverty who are also in persistent poverty	% of all pension-age adults in poverty who are also in persistent poverty
Living in a family 0-5% below the poverty line	36	39	41	16
Living in a family 5.1-10% below the poverty line	50	53	55	21
Living in a family 10.1%-25% below the poverty line	50	53	51	30
Living in a family 50%+ below the poverty line	59	60	64	28

Source: Understanding Society (2009/10 – 2016/17). SMC analysis.

Table 11 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 11: Persistent poverty by whether family includes a disabled adult, 2016/17

	All		Working-age adults		Children		Pension-age adults	
	% of all people in poverty who are also in persistent poverty	% of all people (regardless of 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 status) who are in persistent poverty	% of all children in poverty who are also in persistent poverty	% of all children (regardless of 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 status) who are in persistent poverty
<i>Living in a family where one or more adults are disabled</i>	56	13	62	17	60	23	27	3
<i>Living in a family where no adults are disabled</i>	46	9	45	9	49	15	30	2

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

Source: Understanding Society (2009/10 – 2016/17). SMC analysis.

Table 12 shows a breakdown of persistent poverty by housing tenure. People living in social-rented accommodation are more likely than people from other tenures to experience persistent poverty; six in ten (61%) of those in poverty in social-rented accommodation are also in persistent poverty compared to 36% of those living in poverty in mortgage-owned accommodation. Equally, more than a quarter (27%) of all people living in social-rented accommodation live in persistent poverty, compared to just 6% of those living in mortgage-owned accommodation and 20% in the private-rented sector.

Table 12: Persistent poverty by housing tenure, 2016/17

	All		Working-age adults		Children		Pension-age adults	
	% of all people in poverty who are also in persistent poverty	% of all people (regardless of 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 status) who are in persistent poverty	% of all children in poverty who are also in persistent poverty	% of all children (regardless of 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 status) who are in persistent poverty
<i>Living in a family in social-rented accommodation</i>	61	27	65	30	63	37	28	7
<i>Living in a family in private/ other-rented accommodation</i>	53	20	52	19	55	25	43	9
<i>Living in a family in mortgage-owned accommodation</i>	36	6	36	6	36	7	35	4
<i>Living in a family in owned-outright accommodation</i>	32	2	37	4	37	6	22	1

Source: Understanding Society (2009/10 – 2016/17). SMC analysis.

Table 13 shows how poverty persistence varies for families with different ethnicities. It shows that persistent poverty is lowest for people in families with a White household reference person,^{xiii} where 9% of the group are in persistent poverty. This is in stark contrast to people living in families with a Black / African/ Caribbean / Black British household reference person, where nearly three in ten (27%) people are in persistent poverty.

Table 13: Persistent poverty by ethnicity of household reference person, 2016/17

	All		Working-age adults		Children		Pension-age adults	
	% of all people in poverty who are also in persistent poverty	% of whole group (regardless of poverty status) who are in persistent poverty	% of those in group in poverty who are also in persistent poverty	% of whole group (regardless of poverty status) who are in persistent poverty	% of those in group in poverty who are also in persistent poverty	% of whole group (regardless of poverty status) who are in persistent poverty	% of those in group in poverty who are also in persistent poverty	% of whole group (regardless of poverty status) who are in persistent poverty
<i>Living in a family where the household reference person is White</i>	48	9	50	10	51	15	26	2
<i>Living in a family where the household reference person is from a mixed/multiple ethnic group</i>	48	17	44	16	59	21	43	14
<i>Living in a family where the household reference person is Asian/Asian British</i>	61	22	62	20	63	28	39	9
<i>Living in a family where the household reference person is Black/African/Caribbean/Black British</i>	60	27	61	26	60	30	49	15
<i>Living in a family where the household reference person is from any other ethnic group</i>	63	22	61	21	71	30	21	3

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 – 2016/17). 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 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 four domains:

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

Within each of these, a number of indicators have been analysed to understand the differences between families in poverty and those not in poverty. This year, the report also includes an experimental timeseries for each of the Lived Experience Indicators, which shows 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 (18%) of those in poverty. People in poverty are also more likely both to be in families where no one is a member in an organisation (56% of people in poverty compared to 29% 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 home at night and are more likely to be in families that do not like living in their current neighbourhood.

Table 14: 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	21	18
Lone parent families	18	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	12	6
One or more adults in family spends time caring for someone	31	30
One or more adults in family perceives local services as poor	43	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	56	29
One or more adults in family is not willing to improve neighbourhood	16	12
Family's average size of social network is below 5 close friends	66	56

Source: Family Resources Survey and HBAI dataset (2017/18) and Understanding Society (2014/15-2016/17)

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 home at night (down by six percentage points) or where someone worries about being affected by crime (down three percentage points). There have also been reductions in the proportion of people in poverty who live either as a lone parent or single pensioner. For example, since 2000/01 the proportion of people in poverty who live in lone-parent families has fallen by six percentage points.

Table 15: 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	21	-1	4
Lone parent families	18	0	-6
Single pensioners	5	0	-3
Adults in family rarely or never feel close to others	8	-2	..
One or more youths in family does not feel supported by their family/people who they live with	3	-2	-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	-3	..
One or more adults in family does not like living in current neighbourhood	12	-3	..
One or more adults in family spends time caring for someone	31	2	2
One or more adults in family perceives local services as poor	43	1	..
One or more adults in family thinks people in their neighbourhood cannot be trusted	21	-1	..
No adults in family are members of an organisation	56	-3	..
One or more adults in family is not willing to improve neighbourhood	16	3	..
Family's average size of social network is below 5 close friends	66	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.

Source: Family Resources Survey and HBAI dataset (2017/18) and Understanding Society (2014/15-2016/17)

EDUCATION AND LABOUR MARKET OPPORTUNITY

The proportion of working-age adults in poverty who are workless is 52%, compared to 16% of those living in families not in poverty. Educational outcomes are also worse amongst people living in families in poverty. For example, nearly one in five (18%) people in poverty live in families where no one has any formal qualifications, compared to less than one in ten (9%) of those in families not in poverty.

Table 16: 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	52	16
No one in family has any formal qualifications	18	9
All adults have highest qualification that is below 5a*-c GCSEs or equivalent	27	14
Average time spent travelling to work for working adults in family (minutes)	22	26

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

Source: Family Resources Survey and HBAI dataset (2017/18) and Understanding Society (2014/15-2016/17)

More positively, the proportion of working-age adults in poverty who are workless has fallen by nine percentage points since 2000/01. Additionally, educational outcomes for people living in poverty have improved over the last decade, since 2008/09.

Table 17: 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	52	-3	-9
No one in family has any formal qualifications	18	1	-5
All adults have highest qualification that is below 5a*-c GCSEs or equivalent	27	0	-3
Average time spent travelling to work for working adults in family (minutes)	22	-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 (2017/18) and Understanding Society (2014/15-2016/17)

HEALTH

There are some large differences between people in poverty and those not in poverty under the health domain. For example, nearly half (47%) of people in poverty live in a family that includes a disabled person, compared to one in three (35%) 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 18: 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	47	35
One or more adults in family with poor self-reported physical health	26	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	16	11
One or more adults in family with low health satisfaction	23	17
One or more youths in family has drunk to excess in last four weeks	51	66
One or more adults in family has drunk to excess in the last year	57	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	20

Source: Family Resources Survey and HBAI dataset (2017/18) and Understanding Society (2014/15-2016/17)

Table 19 shows that there has been relatively little change in the indicators under the health domain. Overall there has been a slight improvement in the prevalence of disability and / or poor self-reported health (physical and mental health) over the last year, but a worsening over the longer term, with each of the indicators having risen by two percentage points since they were first reported.

Table 19: 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	47	-1	2
One or more adults in family with poor self-reported physical health	26	-1	2
One or more adults in family with poor self-reported mental health	34	-2	2
One or more adults in family with low life satisfaction	16	1	-2
One or more adults in family with low health satisfaction	23	1	-7
One or more youths in family has drunk to excess in last four weeks	51	2	..
One or more adults in family has drunk to excess in the last year	57	..	..
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	0	-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. 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 (2017/18) and Understanding Society (2014/15-2016/17)

FAMILY FINANCES

While table 17 demonstrated that worklessness amongst working-age adults in poverty has fallen since 2000/01, 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 (69%) is almost double of that of people not in poverty (38%).

Table 20: 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	26	8
In a workless family	31	4
In a family reporting material deprivation	25	4
One or more adults in family with low income satisfaction	28	14
One or more adults in family has felt embarrassed by low income	43	22
No adult in family saves	69	38

Source: Family Resources Survey and HBAI dataset (2017/18) and Understanding Society (2014/15-2016/17)

Table 21 shows that the proportion of people in poverty living in a workless family has fallen by 15 percentage points since 2000/01. Rates of dissatisfaction with 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 21: 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	26	2	-2
In a workless family	31	-3	-15
In a family reporting material deprivation	25	-1	-5
One or more adults in family with low income satisfaction	28	0	-11
One or more adults in family has felt embarrassed by low income	43	0	..
No adult in family saves	69	5	-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 (2017/18) and Understanding Society (2014/15-2016/17)

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, GENDER AND DISABILITY STATUS OF INDIVIDUALS

POVERTY AMONGST WORKING-AGE ADULTS

There are 8.3 million working-age adults in poverty in the UK. This means that the poverty rate for working-age adults (21%) is slightly below the poverty rate for the whole population (22%).

Figure 31: Composition of working-age adult poverty and working-age adult poverty rates in the UK, 2017/18

14.3 million people in poverty in the UK (2017/18), of which:

8,300,000



Working-age adults

Poverty rates in the UK (2017/18):

21%

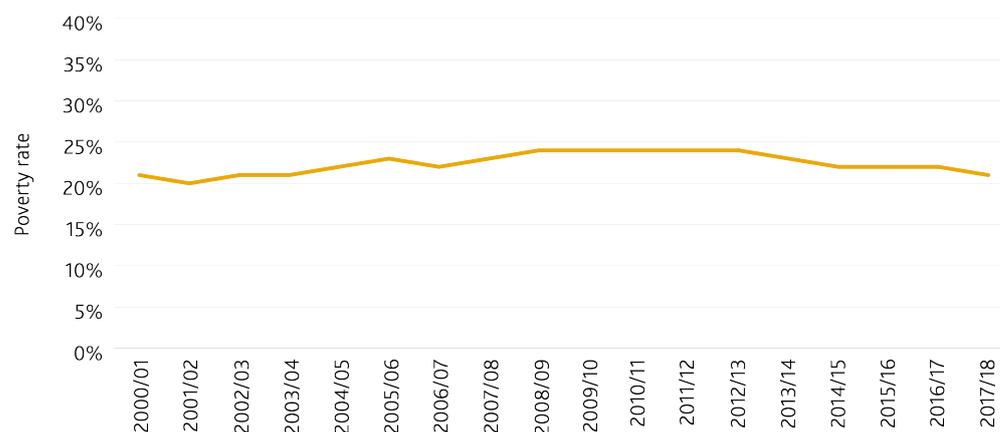
of working-age adults are in poverty

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Figure 32 shows that, from a low of 20% in 2000/01, the poverty rate for working-age adults increased steadily to a peak of 24% between 2008/09 and 2012/13, before falling back down to 21% in 2017/18. Overall, this means that the poverty rate for working-age adults is the same now as it was in 2000/01.

Figure 32: Poverty rates for working-age adults, over time



Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: FAMILY TYPE

Figure 33 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 (53%) 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-and-a-half-times as high (50%).

Figure 33: Composition of poverty and poverty rates in the UK for working-age adults, by family type, 2017/18

8.3 million working-age adults in poverty in the UK (2017/18), comprised of:

3,000,000



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 (2017/18):

25%

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

11%

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

50%

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

24%

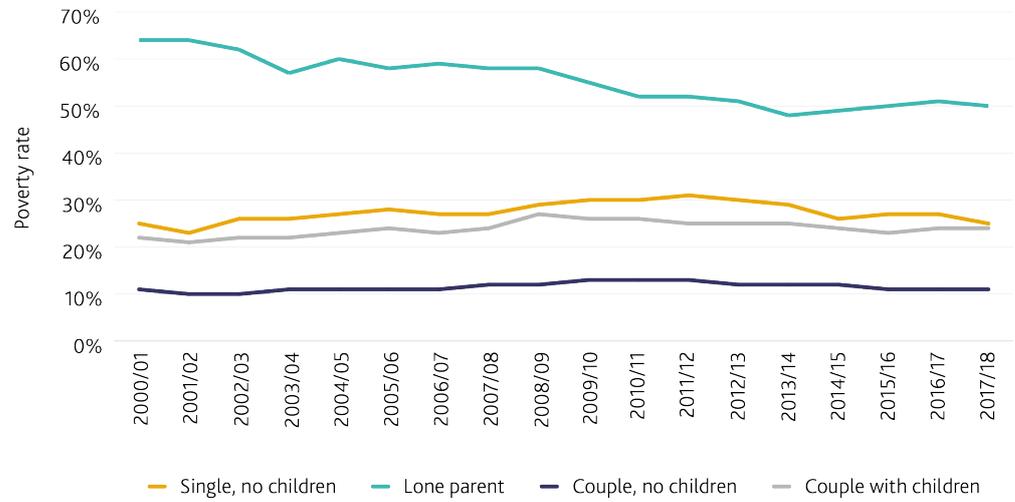
of working-age adults in couple families with children are in poverty

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 (2017/18), SMC analysis.

Figure 34 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 14 percentage points). In contrast, poverty rates for working-age adults in couple families with children have risen by two percentage points since 2000/01. It is also worth noting that, after more than a decade of steady decline, since 2013/14 the poverty rate for working-age adults in lone parent families has risen by two percentage points.

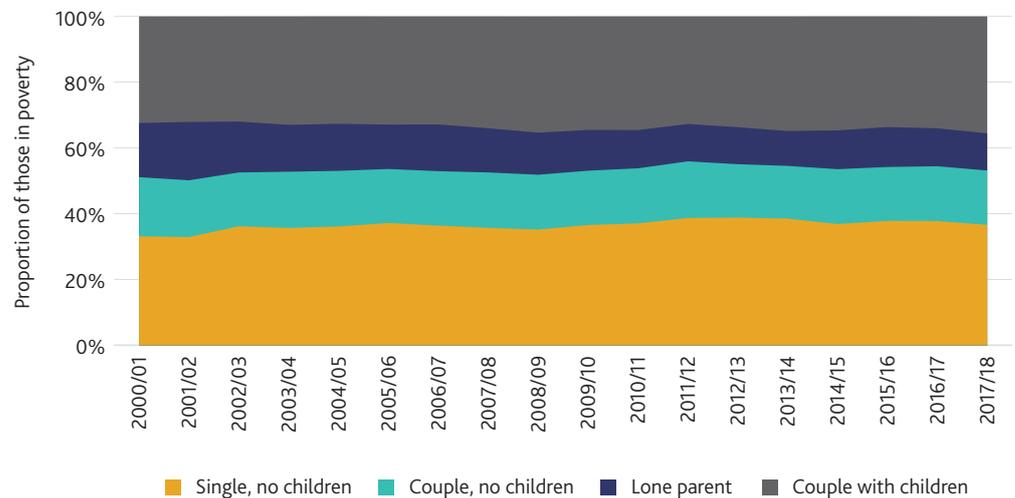
Figure 34: Poverty rates for working-age adults, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 35 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 five 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 by four percentage points.

Figure 35: Composition of working-age adults in poverty, by family type



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: FAMILY WORK STATUS

Figure 36 shows that 66% of working-age adults (5.5 million people) in poverty are in families where at least one person works. However, the overall poverty rate for working-age individuals in workless families is significantly higher (73%) than that of those in families where someone works. Less than one in ten (9%) working-age adults in families where all adults work full-time are in poverty.

Figure 36: Composition of poverty and poverty rates in the UK for working-age adults, by family work status, 2017/18

8.4 million working-age adults in poverty in the UK (2017/18), comprised of:

2,000,000



Working-age adults in full-time work families

2,300,000



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

1,200,000



Working-age adults in part-time work families

2,500,000



Working-age adults in workless families

Poverty rates in the UK (2017/18):

9%

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

73%

Of working-age adults in workless families are in poverty

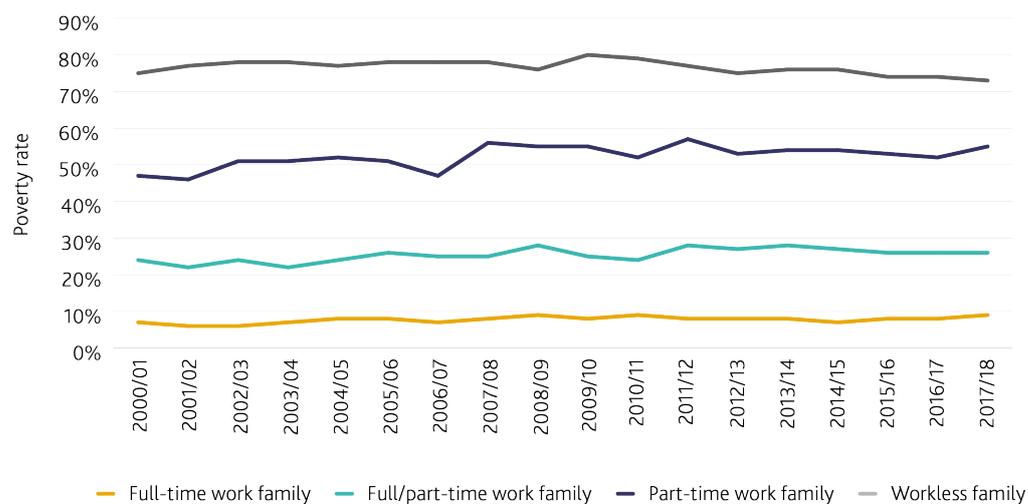
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Poverty rates for working-age adults in workless families have fallen from a peak of 80% in 2009/10 to stand at 73% in 2017/18, meaning that there has been a fall of two percentage points since 2000/01. In contrast, poverty rates for working-age adults in families where all adults work full-time, or where adults work a mixture of full- and part-time, have risen by two percentage points over the same period.

The most significant changes have been seen for those in families where adults work part-time. For these working-age adults, poverty rates have risen by eight percentage points. Figure 37 shows that this eight percentage point rise happened between 2000/01 and 2007/08 and, since then, the poverty rate has remained broadly flat.

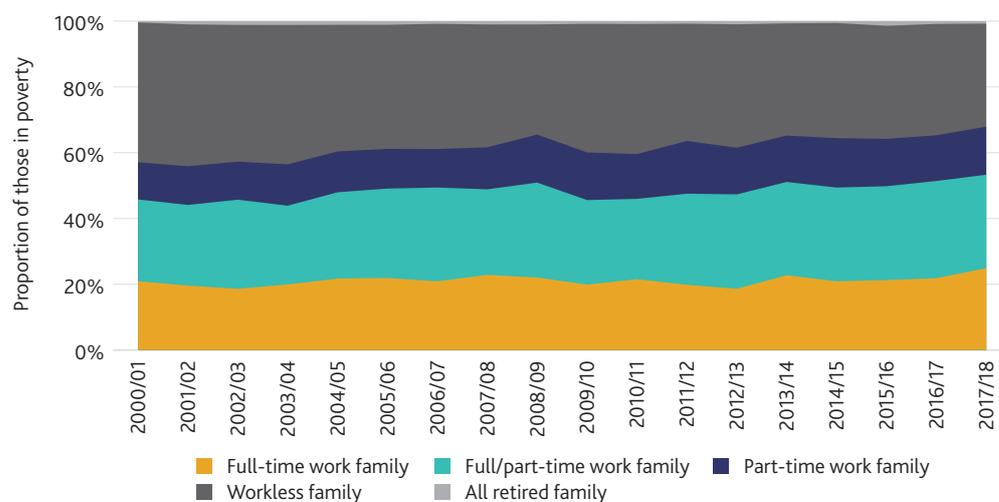
Figure 37: Poverty rates for working-age adults, by family work status, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

As well as differences in the changes in poverty rates, relative changes in the overall population of working-age adults living in workless and working families since 2000/01 have been starkly different. 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 38).

Figure 38: Composition of working-age adults in poverty, by family work status



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: HOUSING TENURE

Figure 39 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 more than half (51%) of working-age adults in social-rented accommodation being in poverty, and nearly a third (32%) of those in private-rented accommodation.

Figure 39: Composition of poverty and poverty rates in the UK for working-age adults, by housing tenure, 2017/18

8.3 million working-age adults in poverty in the UK (2017/18), comprised of:

3,000,000



Working-age adults in social-rented accommodation

2,800,000



Working-age adults in private-rented accommodation

1,900,000



Working-age adults in mortgage-owned accommodation

600,000



Working-age adults in owned-outright accommodation

Poverty rates in the UK (2017/18):

51%

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

32%

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

12%

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

8%

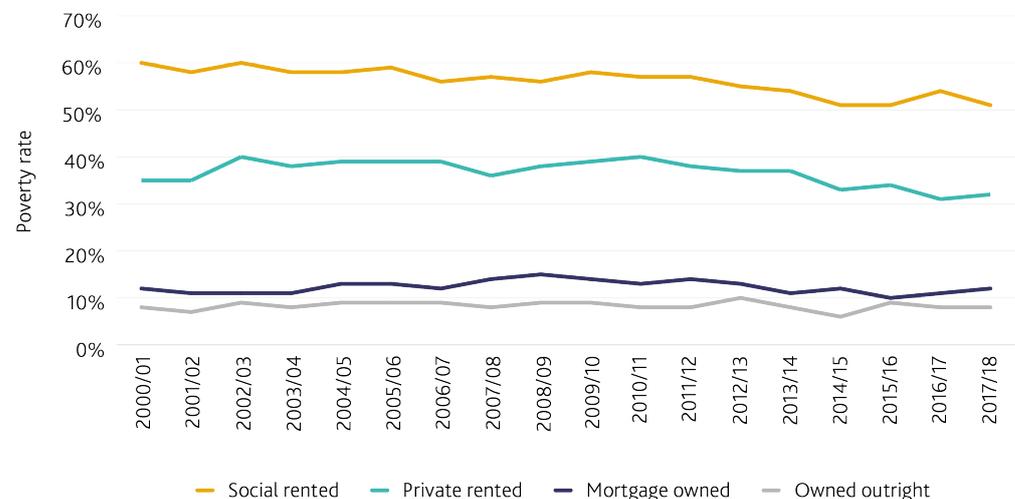
Of working-age adults in owned-outright accommodation are in poverty

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

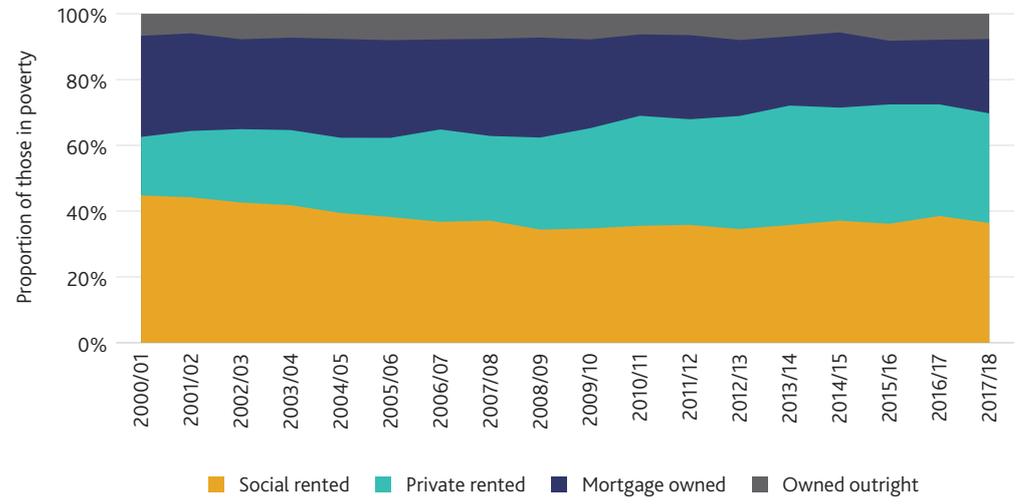
Figure 40 shows that poverty rates for working-age adults in social-rented accommodation have fallen by nine percentage points since 2000/01. Poverty rates for working-age adults in private-rented accommodation have fallen by eight percentage points since 2010/11. As with the overall population, the fact that there has been a large shift towards living in the private-rented sector has meant that a higher proportion of people in poverty now live in the sector than in 2000/01.

Figure 40: Poverty rates for working-age adults, by housing tenure, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 41: Composition of working-age adults in poverty, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: FAMILY DISABILITY

Figure 42 shows that of the 8.3 million working-age adults in poverty, almost half (4.1 million) live in a family that includes a disabled adult or child. Rates of poverty for working-age adults living in disabled families are far higher (30%) than those in non-disabled families (17%).

Figure 42: Composition of poverty and poverty rates in the UK for working-age adults, by whether the family includes a disabled person, 2017/18

8.3 million working-age adults in poverty in the UK (2017/18), comprised of:

4,100,000



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

4,300,000



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

Poverty rates in the UK (2017/18):

30%

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

17%

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

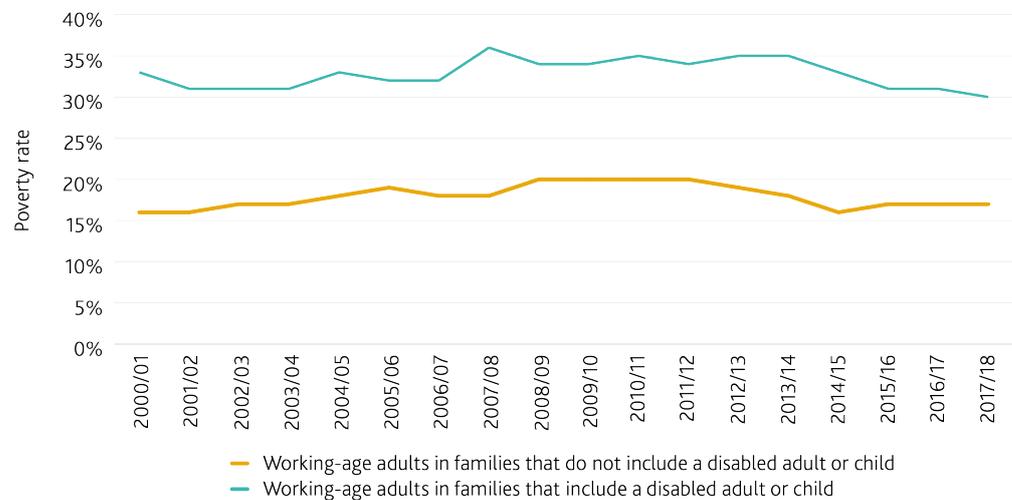
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Poverty rates for working-age adults living in disabled families have fallen since the financial crisis, when they peaked at 36% (2007/08) and are now the lowest they have been in all the years covered by the Commission's measure.

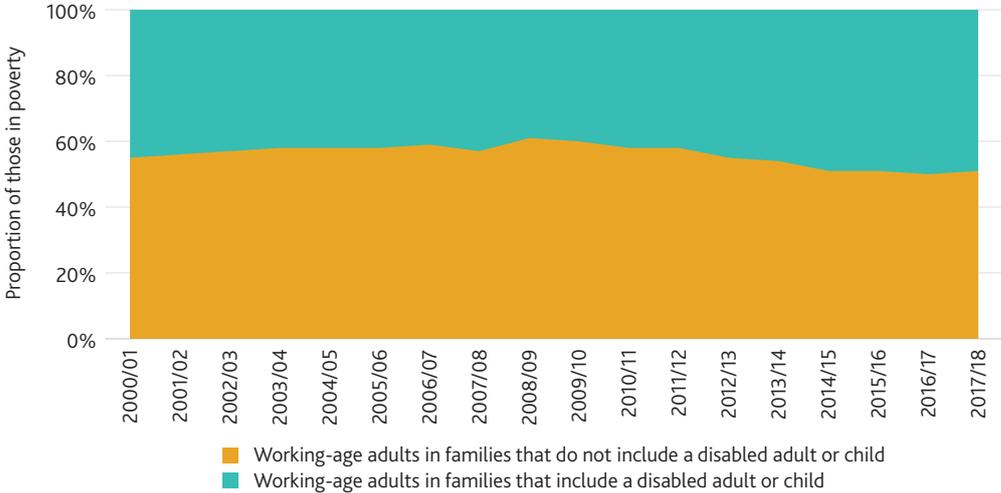
In 2017/18, just under half (49%) of working-age individuals in poverty lived in a family where someone was disabled. This represents a 10 percentage point rise over the last decade.

Figure 43: Poverty rates for working-age adults, by whether the family includes a disabled person, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 44: Composition of working-age adults in poverty, by whether the family includes a disabled person



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

CHILDREN IN POVERTY

Of the 14.3 million people in poverty in the UK, 4.6 million are children. The child poverty rate (34%) is significantly above the poverty rate for the whole population (22%).

Figure 45: Child poverty and child poverty rates in the UK, 2017/18

14.3 million people in poverty in the UK (2017/18), of which:

4,600,000

 Children

Poverty rates in the UK (2017/18):

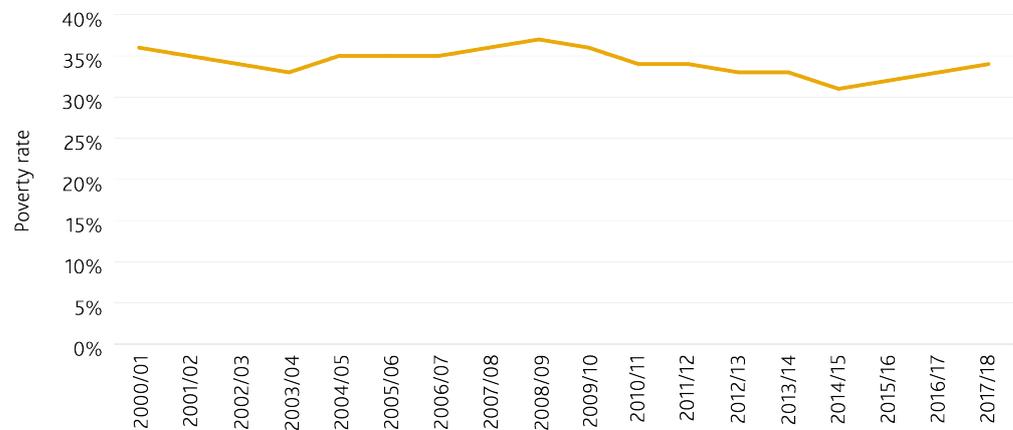
34%
 of children are in poverty

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Figure 46 shows that the overall child poverty rate in the UK has fallen by around two percentage points since 2000/01 and three percentage points since the highest rate seen (2008/09). However, the child poverty rate is now three percentage points higher than the lowest rate (31%) seen in 2014/15.

Figure 46: Child poverty rates, over time



Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

CHILDREN IN POVERTY: FAMILY TYPE

Figure 47 shows that of the 4.6 million children in poverty, just under two thirds (65%) live in couple families. However, poverty rates for children living in lone-parent families (54%) are almost twice as high as those living in couple families (28%).

Figure 47: Composition of child poverty and child poverty rates in the UK, by family type, 2017/18

4.6 million children in poverty in the UK (2017/18), comprised of:

1,600,000



Children in lone-parent families

3,000,000



Children in couple families

Poverty rates in the UK (2017/18):

54%

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.

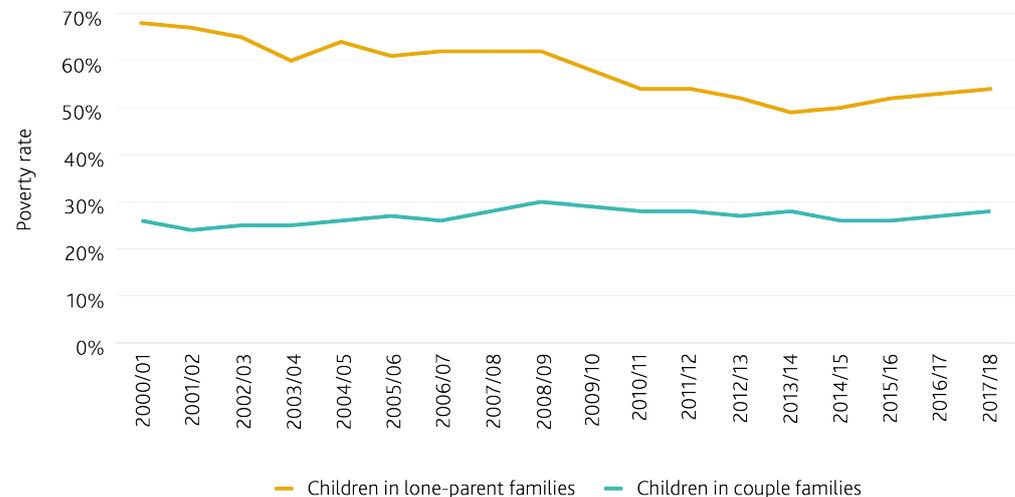
Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Within the overall slight fall in child poverty seen in figure 46, 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 68% being in poverty in 2000/01 to 54% in 2017/18. However, as with child poverty rates overall, rates of poverty amongst children in lone-parent families have risen by five percentage points since 2013/14.

Poverty rates amongst children in couple families have changed less since 2000/01; after a rise of two percentage points in the pre-recession period, they now stand at the same rate as they did in 2007/08.

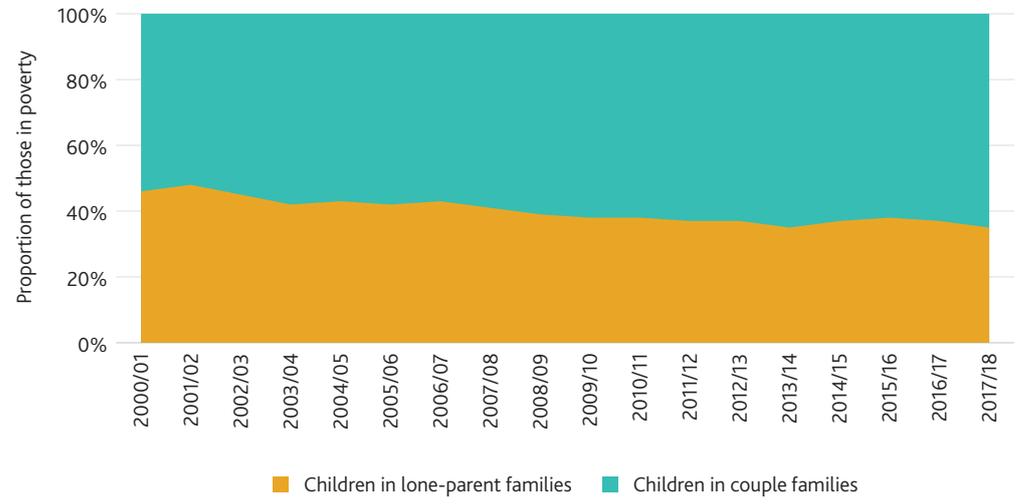
The trends outlined above have also meant that the overall composition of child poverty has changed since 2000/01. Figure 48 shows that children living in couple families have formed an increasingly large overall proportion of children in poverty; now representing 65% of overall child poverty, compared to 54% in 2000/01. Experiences also vary significantly by the work status of the family, with those children in working families far less likely to experience poverty – this is considered in later sections.

Figure 48: Child poverty rates, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 49: Composition of child poverty, by family type



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

CHILDREN IN POVERTY: FAMILY WORK STATUS

Figure 50 shows that of the 4.6 million children in poverty, 1.2 million (26%) 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 81%. Even where all adults work full time, 16% of children in these families are in poverty.

Figure 50: Composition of child poverty and child poverty rates in the UK, by family work status, 2017/18

4.6 million children in poverty in the UK (2017/18), comprised of:

1,200,000



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 (2017/18):

16%

Of children in full-time work families are in poverty

41%

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

75%

Of children in part-time work families are in poverty

81%

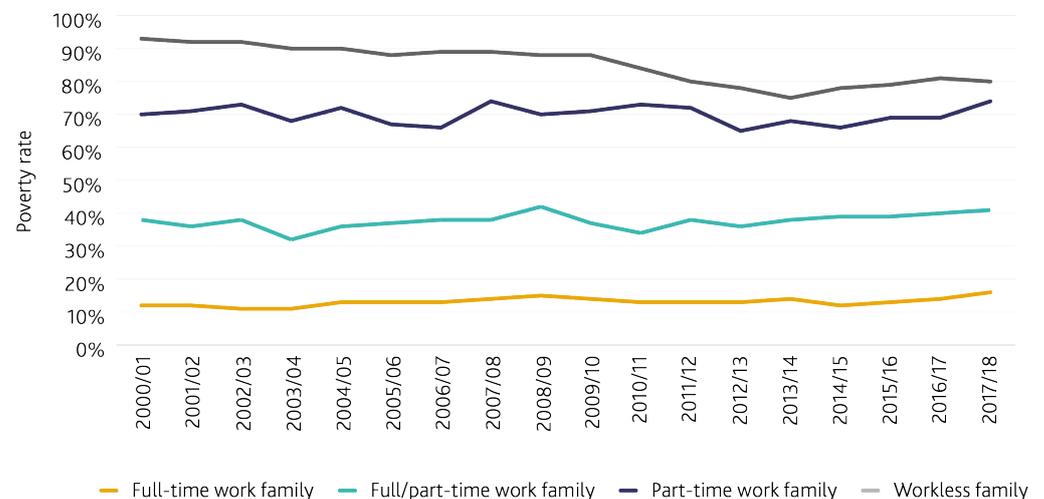
Of children in workless families are in poverty

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

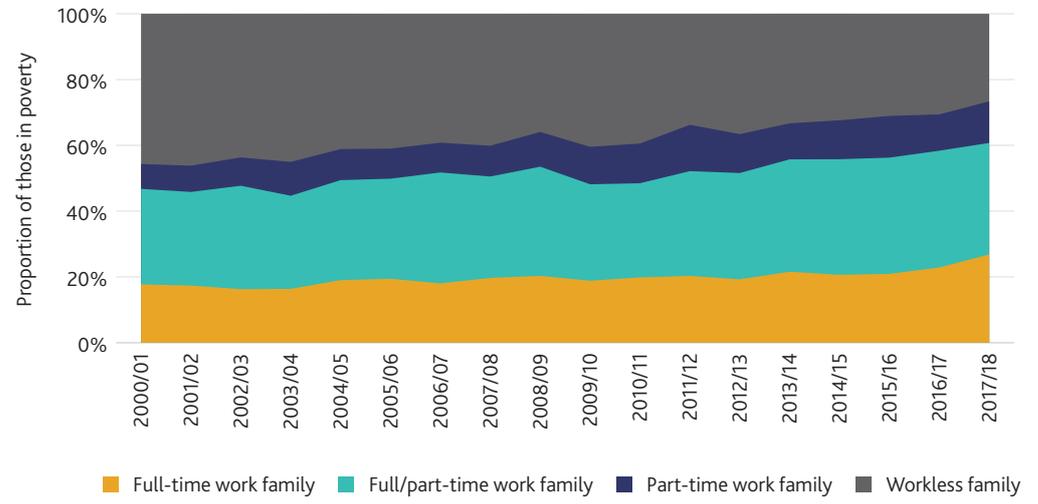
Figure 51 shows that while poverty rates for children in workless families have fallen by 13 percentage points since 2000/01, they have been rising (five percentage points) again since 2013/14. As is the case with poverty amongst working-age adults, a rising overall employment rate has led to the proportion of children in poverty who are in families with someone in work increasing over time. Figure 52 shows that in 2000/01, 54% of children in poverty lived in a family where someone was in work. By 2017/18, this figure had risen to 73%.

Figure 51: Child poverty rates, by family work status, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 52: Composition of child poverty, by family work status



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

CHILDREN IN POVERTY: HOUSING TENURE

Figure 53 breaks down child poverty in the UK by the housing tenure of the child's family. It shows that nearly three in four (72%) 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, more than six in ten (62%) children living in families in social-rented accommodation are in poverty. In contrast, 13% of children living in families in owned-outright accommodation are in poverty.

Figure 53: Composition of child poverty and child poverty rates in the UK, by housing tenure, 2017/18

4.6 million children in poverty in the UK (2017/18), comprised of:

1,900,000



Children in social-rented accommodation

1,400,000



Children in private-rented accommodation

1,100,000



Children in mortgage-owned accommodation

200,000



Children in owned-outright accommodation

Poverty rates in the UK (2017/18):

62%

Of children in social-rented accommodation are in poverty

48%

Of children in private-rented accommodation are in poverty

18%

Of children in mortgage-owned accommodation are in poverty

13%

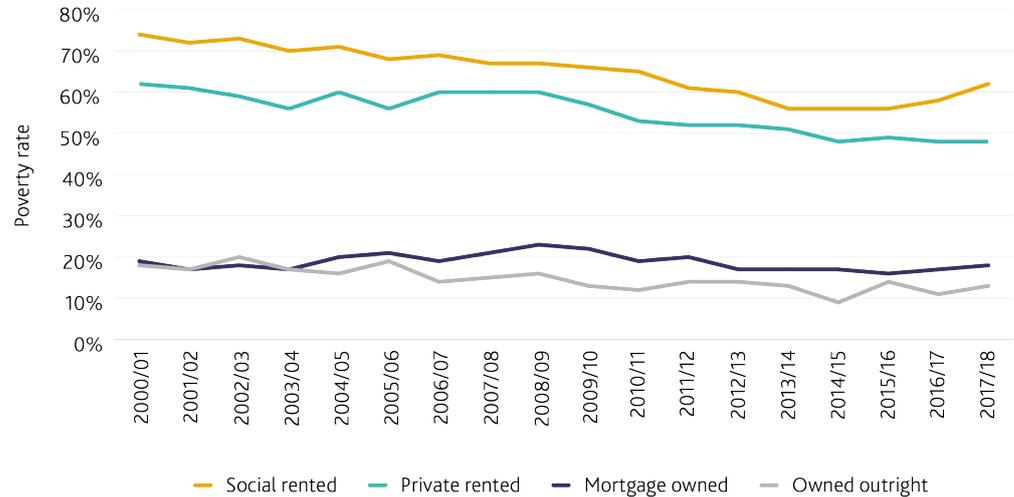
Of children in owned-outright accommodation are in poverty

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

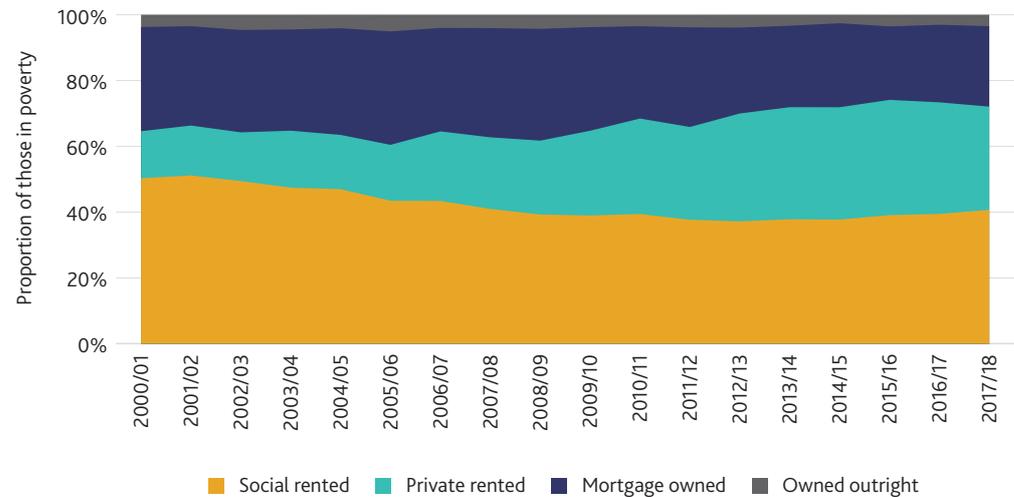
Figure 54 shows that child poverty rates have fallen for children in all housing tenures since 2000/01. However, while they have fallen by 12 percentage points since 2000/01, poverty rates for children in social-rented accommodation have risen by six percentage points since 2013/14. Figure 55 demonstrates significant shifts in the composition of child poverty since 2000/01, with a significant rise (17 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 (nine percentage points) and owner-occupied accommodation (nine percentage points). Section one explores this trend towards the private-rented sector in overall poverty in more detail.

Figure 54: Child poverty rates, by housing tenure, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 55: Composition of child poverty, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

CHILDREN IN POVERTY: FAMILY DISABILITY

Of the 4.6 million children in poverty in the UK, 1.8 million (40%) are living in a family where someone is disabled. Amongst children living in a family where someone is disabled, 41% are in poverty. In non-disabled families, this figure is 30%.

Figure 56: Composition of child poverty and child poverty rates in the UK, by whether the family includes a disabled person, 2017/18

4.6 million children in poverty in the UK (2017/18), comprised of:

1,800,000



Children in families that include a disabled adult or child

2,800,000



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

Poverty rates in the UK (2017/18):

41%

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

30%

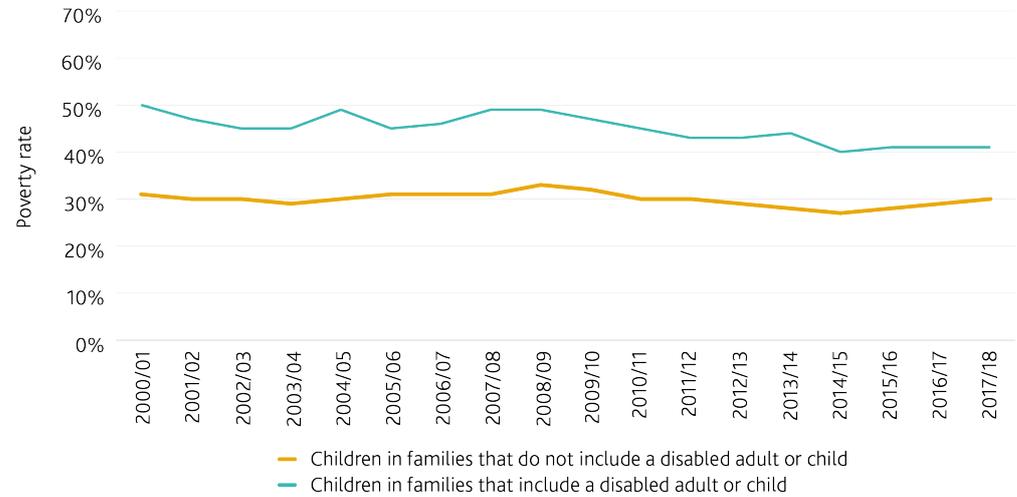
Of children in families that do not include a disabled adult or child are in poverty

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

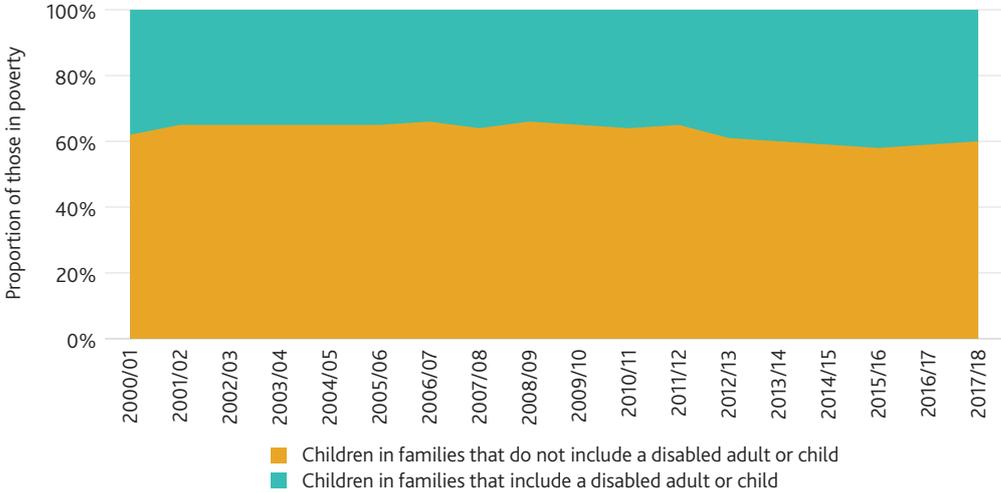
Figure 57 shows that poverty rates for children in disabled families have fallen by nine percentage points since 2000/01, while poverty rates for children in families where no one is disabled remain similar to those seen in 2000/01, but have risen by three percentage points since 2014/15. Figure 58 shows that the proportion of all children in poverty taken up by children living in families where someone is disabled, has increased slightly since 2007/08 (by around four percentage points).

Figure 57: Child poverty rates, by whether the family includes a disabled person, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 58: Composition of child poverty, by whether the family includes a disabled person



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

CHILDREN IN POVERTY: AGE OF YOUNGEST CHILD

More than half of the 4.6 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 40%, compared to between 25% and 30% for children living in families where the youngest child is over the age of five.

Figure 59: Composition of child poverty and child poverty rates in the UK, by age of youngest child in family, 2017/18

4.6 million children in poverty in the UK (2017/18), comprised of:

2,500,000



Children in families where the youngest child is under 5

1,700,000



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 (2017/18):

40%

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

30%

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

25%

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

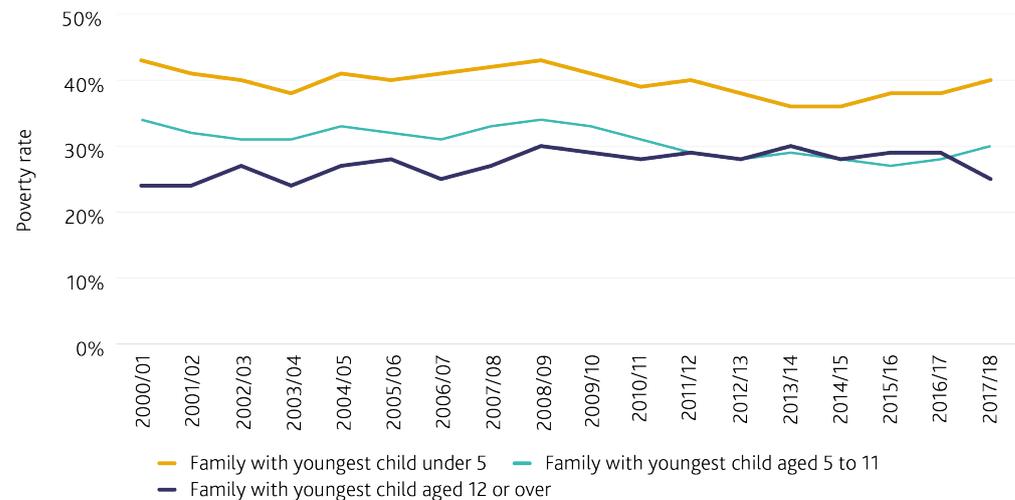
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Figure 60 shows that child poverty rates for children in families where the youngest child is aged less than 12 have fallen since 2000/01. However, child poverty rates have risen by four percentage points for children who live in families with the youngest child is aged under five, since 2013/14. For those in families where the youngest child is aged between five and 11, poverty rates have increased by three percentage points since 2015/16.

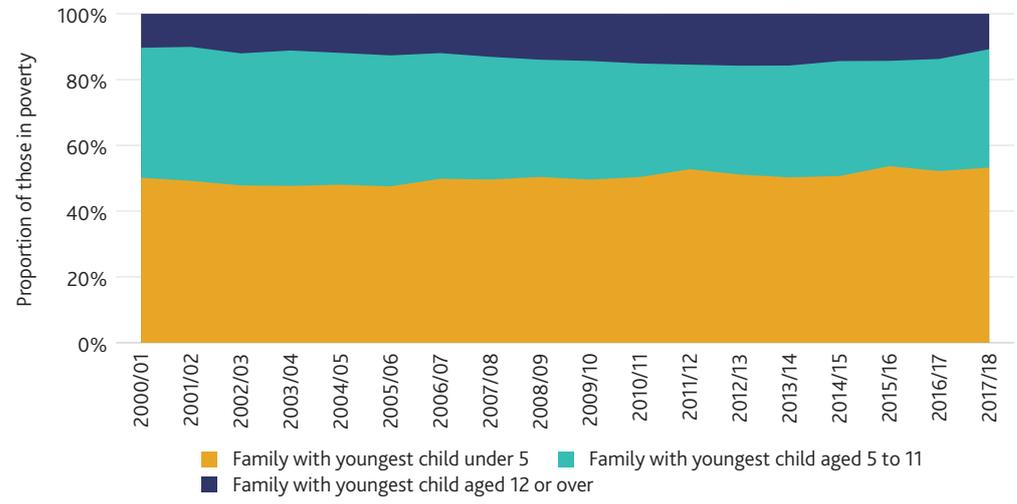
In contrast, poverty rates amongst children who live in families where the oldest child is aged 12 or over, poverty rates rose by six percentage points between 2000/01 and 2013/14, but have fallen by five percentage points since then.

Figure 60: Child poverty rates, by age of youngest child in the family, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 61: Composition of child poverty, by age of youngest child in the family



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

CHILDREN IN POVERTY: NUMBER OF CHILDREN

Four in ten (42%) of the 4.6 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 49% compared to 27% for children living in families where they are the only child, or where there are two children.

Figure 62: Composition of child poverty and child poverty rates in the UK, by number of children in family, 2017/18

4.6 million children in poverty in the UK (2017/18), comprised of:

1,000,000



Children in families with one child

1,700,000



Children in families with two children

1,900,000



Children in families with three or more children

Poverty rates in the UK (2017/18):

27%

Of children in families with one child are in poverty

27%

Of children in families with two children are in poverty

49%

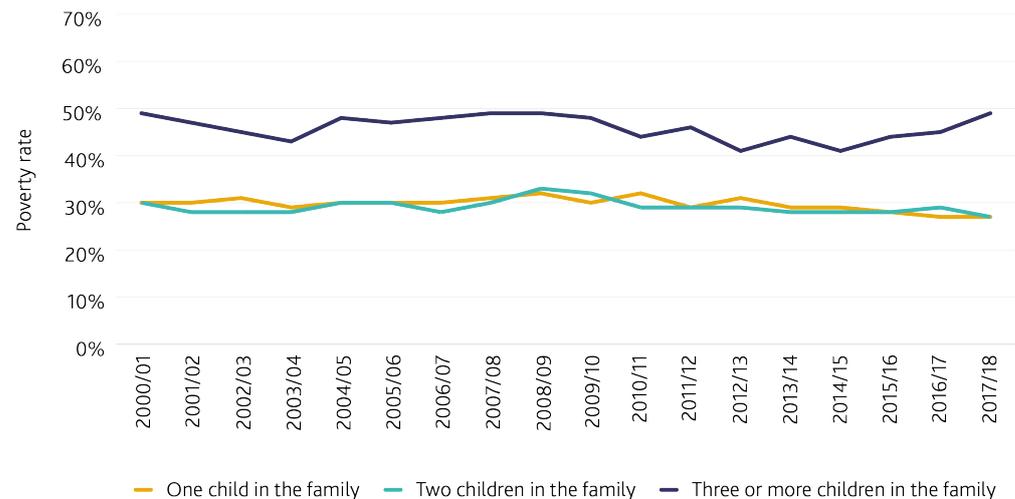
Of children in families with three or more children are in poverty

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

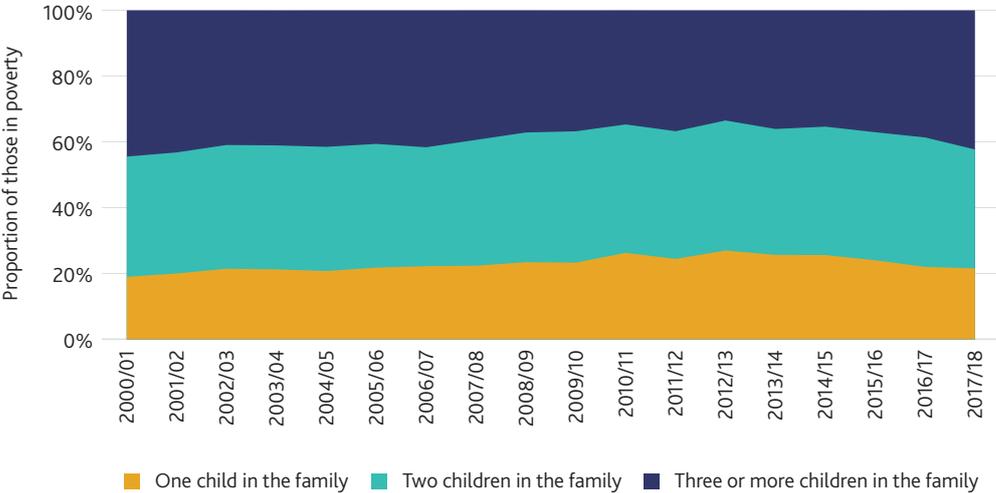
Figure 63 shows that child poverty rates vary depending on the number of children in the family. Since 2000/01, children in families with more than three children have consistently had higher rates of poverty than those in families with fewer children. However, while the poverty rates for children in 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 eight percentage points between 2000/01 and 2012/13, before rising by eight percentage points since then. 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 63: Child poverty rates, by number of children in the family, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 64: Composition of child poverty, by number of children in the family



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS

Of the 14.3 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 (34%).

Figure 65: Composition of pension-age poverty and pension-age poverty rates in the UK, 2017/18

14.3 million people in poverty in the UK (2017/18), of which:

1,300,000



Pension-age adults

Poverty rates in the UK (2017/18):

11%

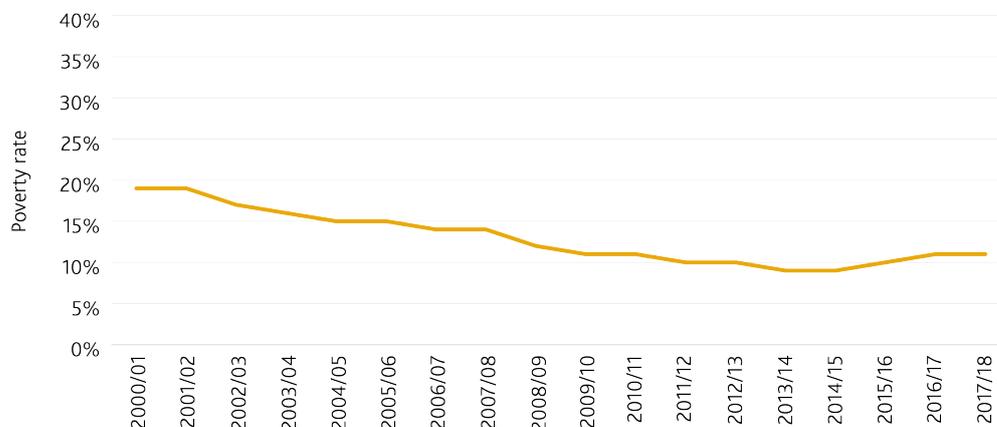
of pension-age adults are in poverty

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Since 2000/01, the overall rate and level of pension-age adults in poverty has fallen significantly. From 19% 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%. If the poverty rate were the same this year as it was in 2013/14, the number of pension-age adults in poverty would be more than 200,000 lower.

Figure 66: Poverty rates for pension-age adults, over time



Source: Family Resources Survey and HBAI dataset (2017/18), 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 almost twice as high as those for pension-age adults living in couple families.

Figure 67: Composition of poverty and poverty rates in the UK for pension-age adults, by family type, 2017/18

1.3 million pension-age adults in poverty in the UK (2017/18), comprised of:



Poverty rates in the UK (2017/18):

15%
of pension-age adults in single families are in poverty

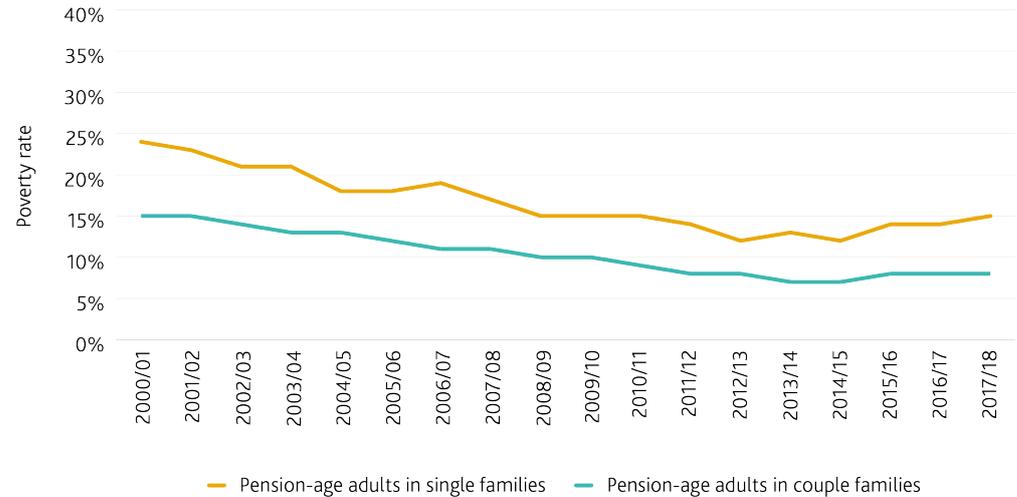
8%
of pension-age adults in couple families are in poverty

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Figure 68 demonstrates that poverty rates for pension-age adults living in all family types have fallen significantly since 2000/01. However, for single pension-age adults, rates have risen by three percentage points since 2012/13.

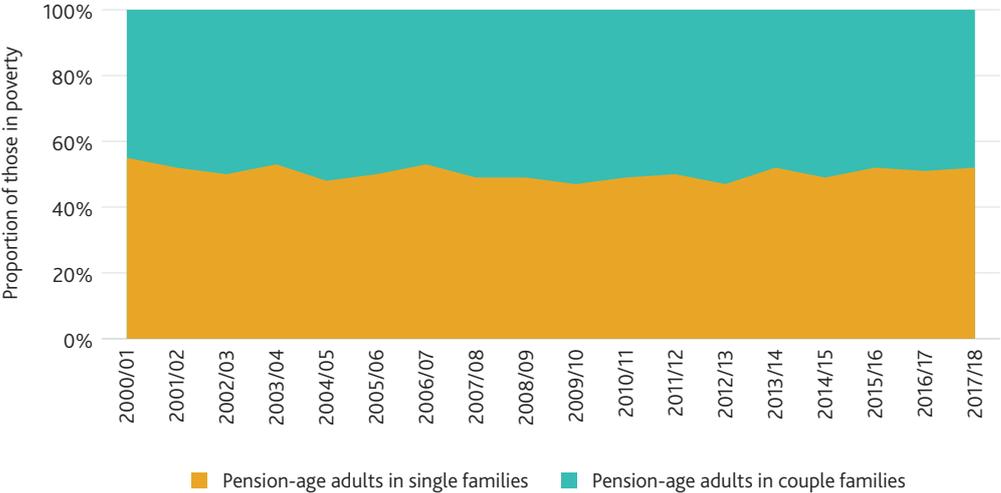
Figure 68: Poverty rates for pension-age adults, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 69 shows what this means for the composition of pension-age adults in poverty by family type and how this has changed over time. It shows that while the composition of pension-age poverty shifted away from those in single families between 2000/01 and 2012/13 (falling by eight percentage points) it has increased by three percentage points since then, meaning that the proportion of pension-age poverty accounted for by single pensioners is three percentage points lower in 2017/18 than it was in 2000/01.

Figure 69: Composition of pension-age adults in poverty, by family type



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: HOUSING TENURE

Of the 1.3 million pension-age adults in poverty, just under half (600,000) 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 (25%) or private-rented accommodation (26%) than they are for those in owned-outright accommodation (7%).

Figure 70: Composition of poverty and poverty rates in the UK for pension-age adults, by housing tenure, 2017/18

1.3 million pension-age adults in poverty in the UK (2017/18), comprised of:

400,000



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 (2017/18):

25%

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

26%

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

16%

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

7%

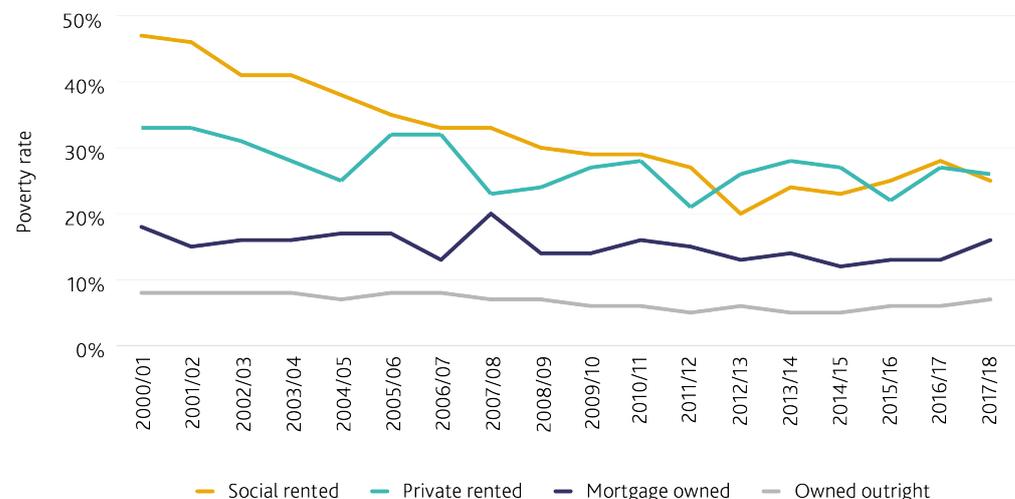
Of pension-age adults in owned-outright accommodation are in poverty

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Figure 71 shows dramatic falls in poverty rates between 2000/01 and 2012/13 for pension-aged adults living in social- (27 percentage points) and private-rented (7 percentage points) accommodation. However, these have both risen since then, with poverty rates for those in the social-rented sector rising by five percentage points and for those in the private-rented sector by three percentage points.

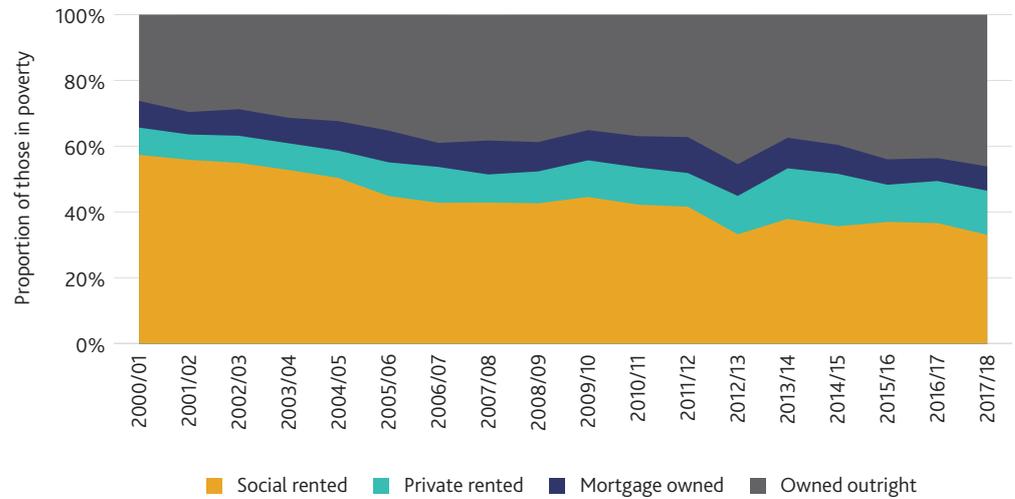
Figure 71: Poverty rates for pension-age adults, by housing tenure, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Large reductions in poverty rates for pension-age adults living in social- and private-rented accommodation have also been reflected in the composition of poverty amongst pension-age adults. Figure 72 shows that the proportion of pension-age poverty accounted for by people in social- and private-rented accommodation fell by 20 percentage points between 2000/01 and 2017/18.

Figure 72: Composition of pension-age adults in poverty, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS: FAMILY DISABILITY

Of the 1.3 million pension-age adults in poverty, 900,000 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 (13%) than those who live in a family where no one is disabled (9%).

Figure 73: Composition of poverty and poverty rates in the UK for pension-age adults, by whether the family includes a disabled person, 2017/18

1.3 million pension-age adults in poverty in the UK (2017/18), comprised of:

900,000



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 (2017/18):

13%

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

9%

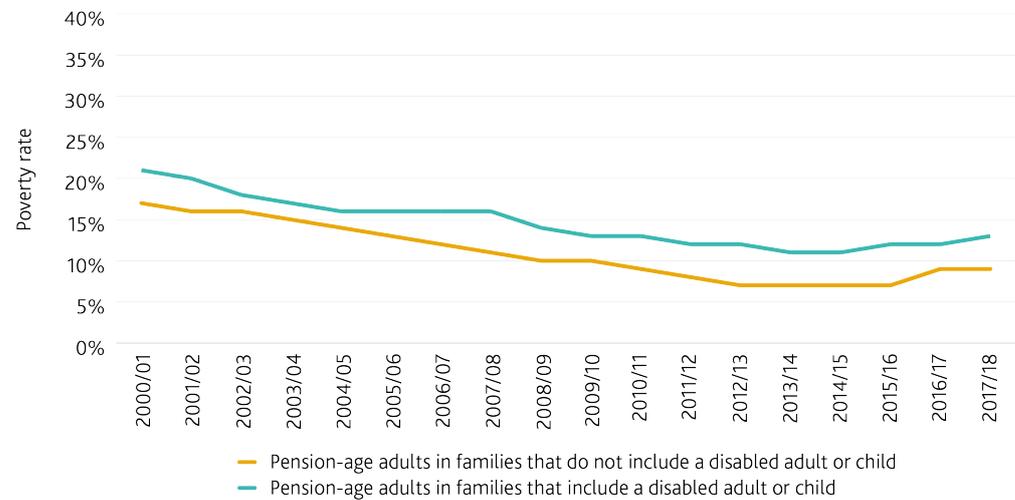
Of pension-age adults in families that do not include a disabled adult or child are in poverty

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

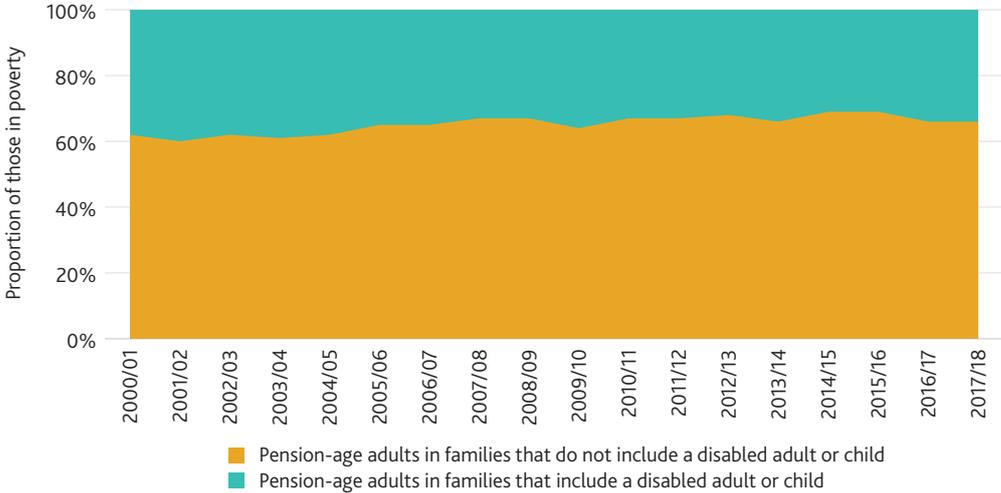
Two thirds (66%) of pensioners in poverty live in families with someone who is disabled. Figure 74 shows that this has risen from 62% in 2000/01. Poverty rates for pensioners living in both disabled and non-disabled families have fallen significantly since 2000/01. For both groups, poverty rates fell by 10 percentage points between 2000/01 and 2014/15, but have risen by two percentage points since then.

Figure 74: Poverty rates for pension-age adults, by whether the family includes a disabled person, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

Figure 75: Composition of pension-age adults in poverty, by whether the family includes a disabled person



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), 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 pension-age poverty and rates of poverty by the age of the oldest adult in the pension-age family. Figure 76 shows that more than four in ten (43%) 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 and oldest pension-age families.

Figure 76: Composition of pension-age poverty and pension-age poverty rates in the UK, by age of oldest person in family 2017/18

1.3 million pension-age adults in poverty in the UK (2017/18), comprised of:

100,000



Pension-age adults in families where the eldest member is 65 or below

400,000



Pension-age adults in families where the eldest member is 66-70

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 (2017/18):

15%

Of pension-age adults in families where the eldest member is 65 or below are in poverty

12%

Of pension-age adults in families where the eldest member is 66-70 are in poverty

9%

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

10%

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

11%

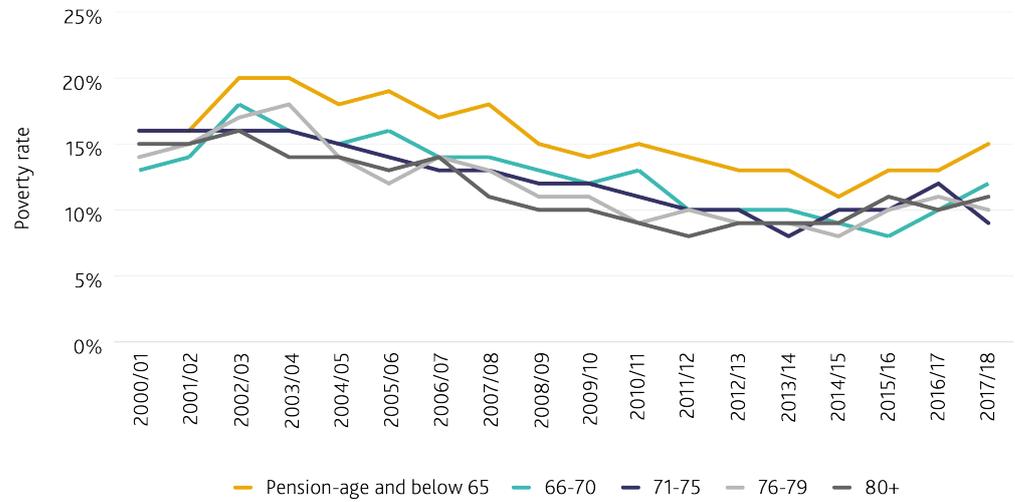
Of pension-age adults in families where the eldest member is 80 or above are in poverty

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 (2017/18), SMC analysis.

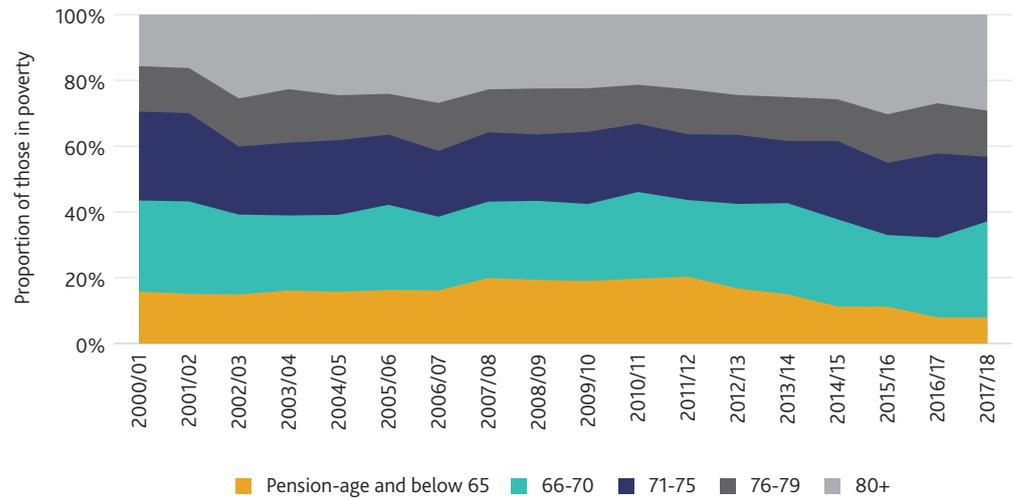
Figure 77 shows that, since 2000/01, poverty rates have fallen for pension-age adults in all ages of family. The most significant improvements were seen amongst those families with the eldest member aged over 70. For example, for those with the eldest member aged between 71 and 75, poverty rates halved (from 16% to 8%) between 2000/01 and 2013/14. However, since then, poverty rates have risen across pension-age adults, regardless of the age of the eldest member of the family.

Figure 77: 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 - 2017/18), SMC analysis.

Figure 78: Composition of pension-age adults in poverty, by age of eldest person in the family



Source: Family Resources Survey and HBAI dataset (1998/99 - 2017/18), SMC analysis.

POVERTY AMONGST INDIVIDUALS, BY AGE GROUP

More than one in five (21% or 3 million people) of those in poverty are aged 10 and under. Poverty rates are also highest for these age groups, with more than a third (37%) of those aged four and under and a third of those aged between five and 10 (32%) and 11 and 15 (33%) being in poverty. Poverty rates fall significantly throughout all other age groups until one in ten of those aged 65 and over are in poverty.

Table 22: Composition of poverty and poverty rates in the UK, by age group, 2017/18

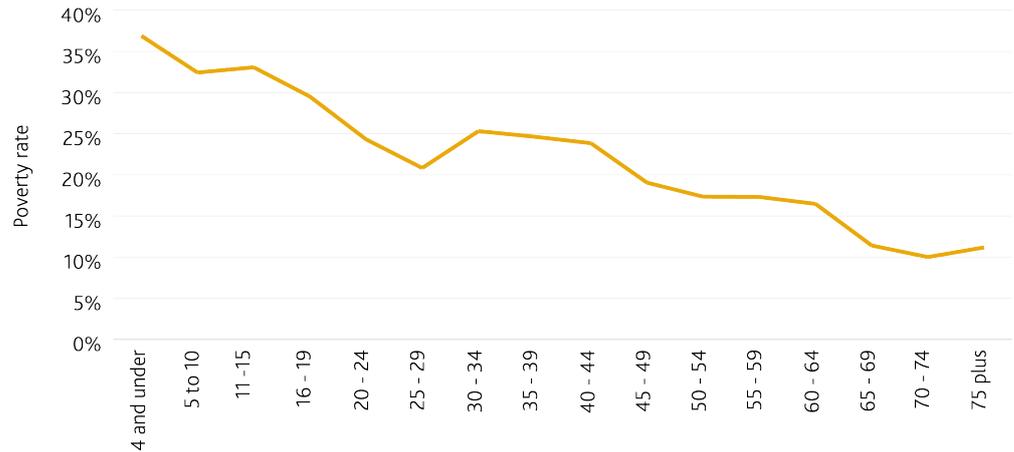
14.3 million people in poverty in the UK (2017/18), comprised of:		Poverty rates in the UK (2017/18) for people:	
1,500,000	people aged under 4	Aged 4 and under	37 %
1,500,000	people aged 5 - 10	Aged 5 - 10	32 %
1,100,000	people aged 11 -15	Aged 11 -15	33 %
800,000	people aged 15 - 19	Aged 15 - 19	30 %
1,000,000	people aged 20 - 24	Aged 20 - 24	24 %
900,000	people aged 25 - 29	Aged 25 - 29	21 %
1,100,000	people aged 30 - 34	Aged 30 - 34	25 %
1,000,000	people aged 35 - 39	Aged 35 - 39	25 %
1,000,000	people aged 40 - 44	Aged 40 - 44	24 %
900,000	people aged 45 - 49	Aged 45 - 49	19 %
800,000	people aged 50 - 54	Aged 50 - 54	17 %
700,000	people aged 55 - 59	Aged 55 - 59	17 %
600,000	people aged 60 - 64	Aged 60 - 64	16 %
400,000	people aged 65 - 69	Aged 65 - 69	11 %
300,000	people aged 70 - 74	Aged 70 - 74	10 %
600,000	people aged 75 plus	Aged 75 plus	11 %

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

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Figure 79 demonstrates how poverty rates for individuals fall steadily throughout the lifetime.

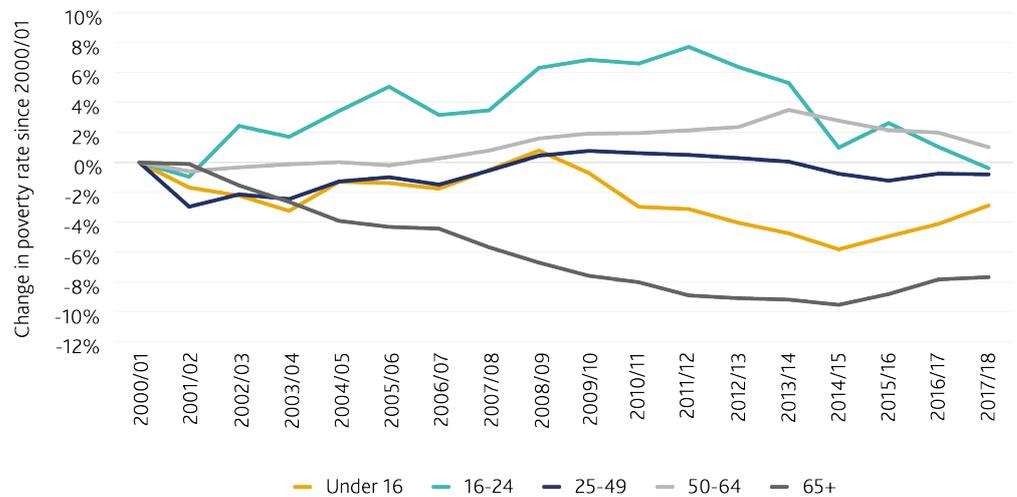
Figure 79]: Poverty rates for the UK population, by age group (2017/18)



Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

Figure 80 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, but have seen poverty rates rise since then. 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, and have risen for the last three years. 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 80: Change in poverty rates since 2000/01, by age group



Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

POVERTY AMONGST INDIVIDUALS, BY GENDER

Poverty rates for men (18%) and women (20%) are broadly similar, with about one in five of each group living in poverty. Poverty rates are significantly higher for children (34%). This means that of the 14.3 million people in poverty, there are just over five million women in poverty compared to around 4.5 million men and 4.6 million children.

Figure 81: Composition of poverty and poverty rates in the UK, by gender, 2017/18

14.3 million people in poverty in the UK (2017/18), of which:



Poverty rates in the UK (2017/18):

- 20%** Of women are in poverty
- 18%** Of men are in poverty
- 34%** Of children are in poverty

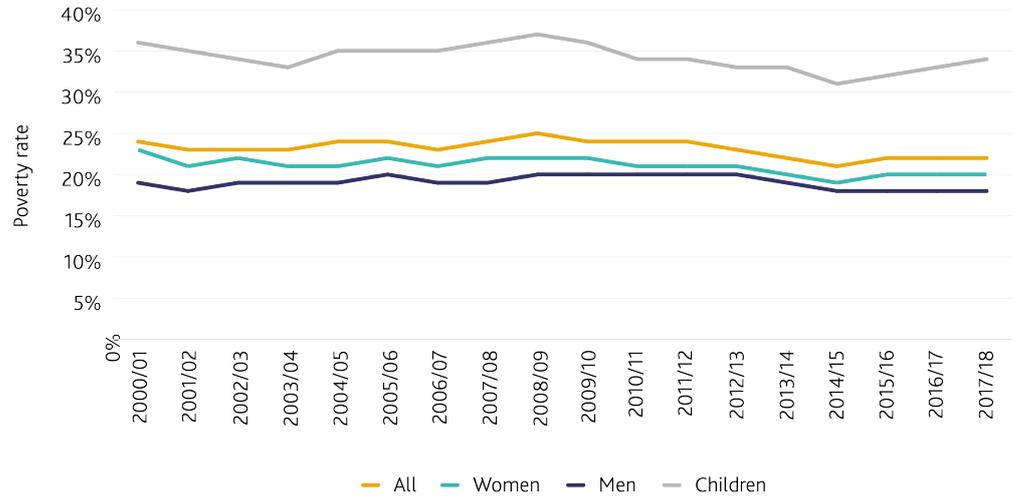
Notes: Figures have been rounded, so may not sum perfectly. Gender breakdowns are not provided for children due to data limitations. This applies to all gender estimates in this section.

Source: Family Resources Survey and HBAI dataset (2017/18), SMC analysis.

Figure 82 shows that after rising slightly in the early 2000s, poverty rates for men have been falling since 2008/09, meaning that the poverty rate in 2017/18 is broadly similar to where it stood in 2000/01. In contrast, apart from a moderate rise during the financial crisis and recession, poverty rates for women have fallen steadily over the last two decades, and ended three percentage points lower in 2017/18 (20%) than they were in 2000/01 (23%).

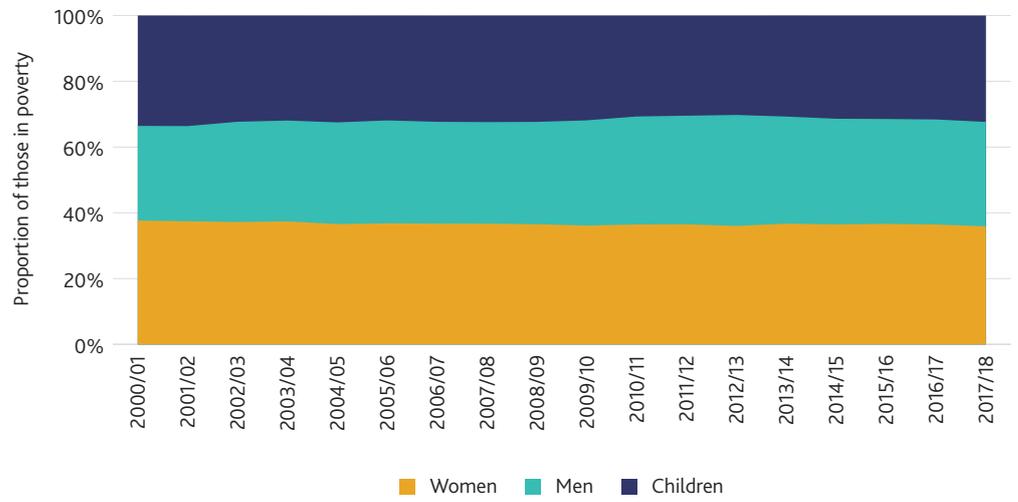
The composition of poverty has shifted slightly away from children (32% of the total in 2017/18, compared to 34% in 2000/01) and women (36% of the total in 2017/18, compared to 38% in 2000/01) and towards men (32% of the total in 2017/18, compared to 29% in 2000/01).

Figure 82: Poverty rates for the UK population, by gender, over time



Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

Figure 83: Composition of poverty, by gender



Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

POVERTY AMONGST INDIVIDUALS, BY DISABILITY

Of the 14.3 million people in poverty in 2017/18, 3.7 million are disabled. Of these, 2.6 million are disabled working-age adults, 400,000 are disabled children and 700,000 are disabled pension-age adults. This means that more than half (54%) of all pension-age adults in poverty have a disability, compared to four in ten (38%) adults in poverty and one in ten (9%) children in poverty.

Poverty rates for disabled adults (37%) are more than twice that of non-disabled adults (18%). However, poverty rates for disabled children (34%) are the same as those for children without a disability (34%) and poverty rates for disabled pension-age adults (13%) are four percentage points higher than those for non-disabled pension-age adults.

Figure 84: Composition of poverty and poverty rates in the UK, by disability, 2017/18

14.3 million people in poverty in the UK (2017/18), of which:

2,600,000



Disabled working-age adults

400,000



Disabled children

700,000



Disabled pension-age adults

5,700,000



Working-age adults without a disability

4,300,000



Children without a disability

600,000



Pension-age adults without a disability

Poverty rates in the UK (2017/18):

37%

Of disabled working-age adults are in poverty

34%

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

34%

Of children without a disability are in poverty

9%

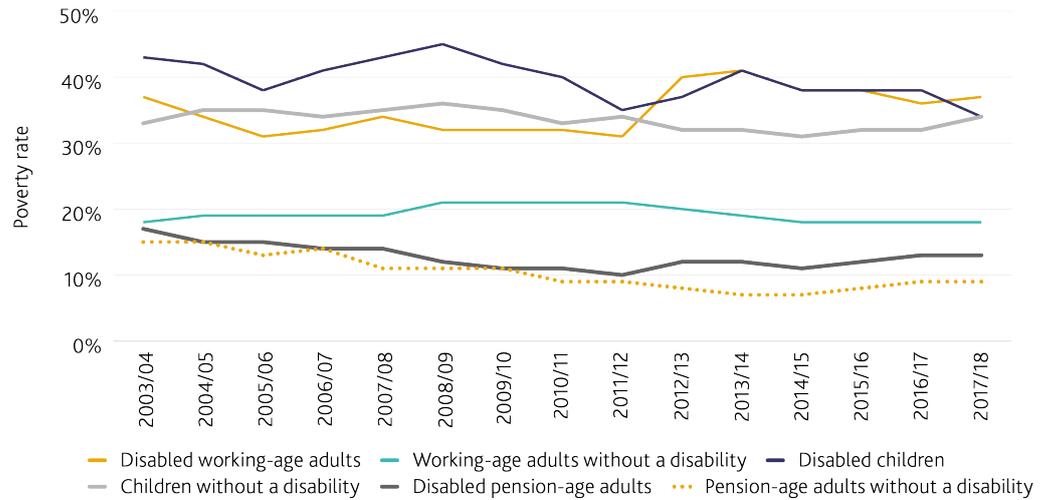
Of pension-age adults without a disability are in poverty

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 (2017/18), SMC analysis.

Figure 85 shows that poverty rates for disabled children and working-age adults have fallen over the last five years and that, for the first time, poverty rates for disabled children are now the same as for non-disabled children. However, poverty rates for disabled pension-age adults have risen slightly since 2012/13.

Figure 85: Poverty rates for the UK population, by individual disability, over time

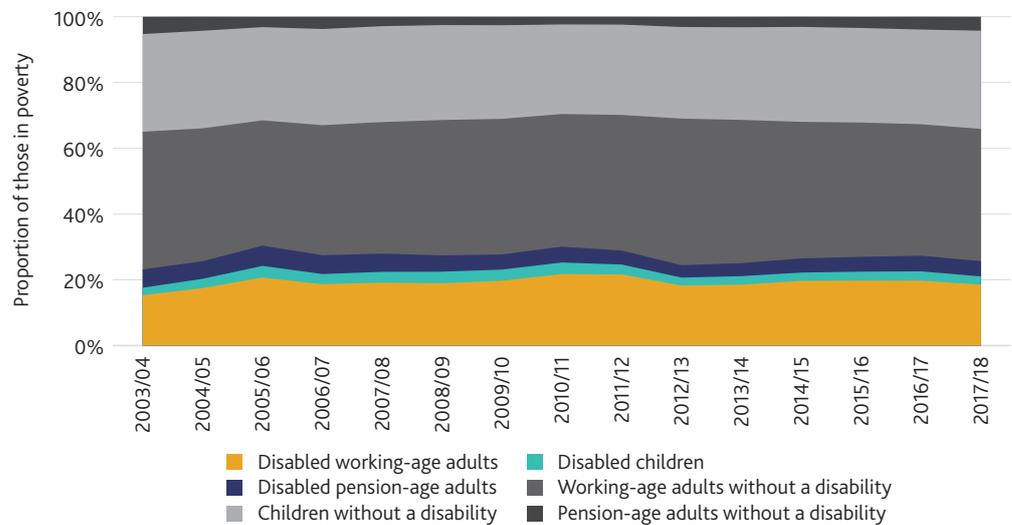


Notes: Estimates for disability are only available from 2003/04 due to data limitations. This applies to all disability estimates in this section.

Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

Figure 86 shows that the proportion of total poverty accounted for by disabled pension-age adults has increased slightly over the last five years; rising from 24% in 2012/13 to 26% in 2017/18.

Figure 86: Composition of poverty, by individual disability



Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

SECTION SIX: WHAT NEXT

After many years of disagreement about how and whether poverty should be measured in the UK, the Commission hopes that the Government's commitment to establish new experimental poverty statistics based on its measurement framework marks the beginning of a new consensus on poverty measurement. As the Government takes forward this work, the Commission will continue to publish analysis and findings from its research, as well as develop new work to improve the approach to poverty measurement that it has developed.

As stated at the start of this report, the Commission is aware that further work is needed to ensure that its measurement framework can be fully implemented. Throughout the course of the report, the Commission has also highlighted areas that it believes warrant further exploration to improve the understanding of poverty based on its measurement framework. In particular, the Commission has highlighted the need to undertake significant work to:

1. Improve the availability and quality of data available to measure poverty, including the use and linking of administrative data. For example, the Commission believes that more must be done to accurately capture assets and debt, the extra costs of disability and the costs of social care. Improvements to data on incomes and benefits in existing household surveys are also needed;
2. Develop a more comprehensive approach to incorporating the extra costs of disability into the measurement of poverty. The Commission has been clear that its current approach should be regarded as an interim measure, and more needs to be done to ensure that better measures are developed quickly;
3. Creating an approach to equivalisation for the UK that more accurately and systematically accounts for differences in the level of needs between families of differing size and composition;
4. Understand both why so many people in the UK are more than 50% below the poverty line and how their experiences differ to those at less deep levels of poverty. Alongside other approaches, the Commission's Lived Experience Indicators provide one way of exploring this issue; and
5. Explore and fully decompose some of the key trends in poverty over the last two decades that have been highlighted in this report. For example, the shift in poverty towards those in private-rented accommodation and those in work, and the experiences of disabled people and those from ethnic minorities who are in poverty.

Work in each of these areas would significantly improve the understanding of poverty in the UK. However, the new work needed is not just about improving the understanding of poverty. The reasoning is clear: with a better understanding of who is in poverty in the UK, it is possible to explore in detail how that has changed over time, the reasons behind these changes and how policy should respond; and with a better understanding of the nature of poverty, more research can be undertaken to understand how policy could be targeted to improve the broader outcomes of those in poverty, in order to reduce the resilience gap those in poverty experience compared to others in society.

Whilst the Commission cannot undertake all of that research, and has consciously decided not to engage in policy analysis, it hopes that it can support the research of others by publishing the detailed findings in this report and the accompanying results tables, alongside the code that underpins the Commission's analysis. The Commission will also continue to engage with the widest range of stakeholders possible as it takes its own work forward. In doing so, the Commission hopes that this spirit of collaboration can lead to the creation of and consensus around the best possible measure of poverty for the UK.

CALL TO ACTION

Measuring poverty is essential if the UK is to take action to improve the lives of those currently in poverty in the UK 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 economics organisations take on the work we have begun to ensure that the Commission's measurement framework can be fully implemented and used to guide future policy. Without this, a large part of society risks being left further behind without the support that they need to improve their lives.

ANNEXES

ANNEX 1: SUMMARY OF CHANGES TO THE COMMISSION'S APPROACH TO MEASUREMENT – 2019

As highlighted in the introduction to this report, over the course of the last year, the Commission has continued to develop its approach to measuring poverty. This section outlines our approach to incorporating methodological changes in general, and then outlines the specific changes that have been implemented over the last year.

HOW TO INCORPORATE FUTURE METHODOLOGICAL CHANGES

Why consider this issue?

The Commission's 2018 report highlighted that, since there is little evidence on how to set a poverty threshold to accurately reflect the lived experience of people either side of the line, the setting of a poverty line is largely arbitrary. As such, rather than attempting to change the understanding of the number of people in poverty, the Commission decided to focus on improving the understanding of the different types of people beneath any given threshold and to explore the lived experience of poverty of these people.

With this in mind, the Commission took the view that it would not be appropriate for the changes to measurement approach undertaken by the Commission (which improve the understanding of who is in poverty) to lead to significant changes to the measured level of poverty. Based on this, the Commission set a poverty threshold of 55% (of the three-year average of the median of total available resources) in order to match the level of poverty observed when using the after-housing costs version of the HBAI relative low-income measure.

However, the Commission's 2018 report highlighted that, as well as continued improvements expected to its approach, based on new data and stakeholder feedback, there are a number of areas where there may be significant future changes to the approach taken to measurement. This included:

- The inclusion of debt repayments in the measurement of total resources available, which would be possible if questions were added to the Family Resources Survey;
- The inclusion of the costs of social care as an "inescapable family-specific cost", which would be possible if questions were added to the Family Resources Survey;
- Improvements on the approach to measuring the extra costs of disability, which requires significant further research and testing; and
- Improvements on the approach taken to equivalisation (the process through which the size and composition of families is taken into account when assessing poverty), which requires significant further research and testing.

If incorporated directly into the Commission's existing approach, without any further changes, each of these changes to measurement could impact on the overall level of measured poverty. This means that, while our understanding of the poverty experiences of people in society may remain the same, methodological changes could lead to rises or falls in measured poverty.

With this in mind, the Commission considered how it would seek to incorporate future changes in methodology, until a final measure consisting of all the elements the Commission has recommended is settled on and agreed.

The Commission's decision

The Commission considered a range of options for how it might choose to incorporate future improvements to its methodology. This included consideration of whether it might simply allow its measure of the overall number of people in poverty in the UK to respond to the changes. The implication of this would be that, where methodological changes lead to an increase or fall in poverty, it would be inferred that the Commission had changed its mind about how many people are in poverty in the UK.

A practical example is that when data on debt becomes available in the Family Resources Survey and is included in the Commission's measure, since families right across the income distribution have debt, this could reduce the value of the median of total resources available. If this were the case, all else equal, measured poverty could fall in the year that the debt data was introduced.

The Commission did not feel that this would typically be an accurate representation of what happens when it refines its methodology. The key reason behind this is that, while its measurement methodology might have changed, there is not necessarily a reason to suppose that the number of people in poverty in the UK had also changed. Instead, improvements to methodology are there to help us better understand the types of people most likely to be in poverty, not the total number below an ultimately arbitrary line.

It is also clear that the number of people in poverty according to the Commission's original measure was simply benchmarked to existing measures of the number of people in poverty. If all the data that the Commission required was available and all elements of its methodology were fully in place at the time when the original measure was developed, the Commission would still have benchmarked the number of people in poverty in the same way.

As a result, the Commission decided that as methodological improvements are made to its measurement framework, it will seek to reassess its poverty threshold decision.

Commissioners felt that the most appropriate way of doing this would be to ensure the measured level of poverty in the 2016/17 results match the 14.2 million estimate from when the Commission first made its decision on the threshold in 2018. In short, ensuring that future threshold decisions are made as if the Commission had all of the methodological improvements available to it when that first decision was made.

Of course, there are some methodological changes that it might not be possible to apply retrospectively. For example, where new data has been collected on debt and social care. Where this is the case, the Commission will again seek to apply the principle outlined above. A number of options exist, including making the threshold decision with reference to the poverty rate that would have been observed under the Commission's measurement approach that year without the change in methodology.

In each case, it will apply the same principles as it did in 2018, in particular it will make a choice based on:

- Accepting the arbitrary nature of setting poverty thresholds and ensuring that in setting the threshold, the Commission does not convey a false sense of accuracy;
- Wanting to ensure that the threshold could be easily communicated; and
- Wanting to ensure that the decision did not lead to a large shift in the measured rate of poverty.

The Commission believes that this is the most appropriate way to approach methodological changes until its full measurement framework has been developed and implemented. This is particularly important as, with a consistent benchmark level of poverty in 2016/17, the Commission will be able to measure and report on any changes to poverty that are observed until a final measure is implemented which is the main objective of a new poverty measure.

Commission decision on principle

The Commission reconfirmed its view that it did not wish changes to the methodology of poverty measurement to be used to make inferences about how the overall number of people in poverty in the UK had changed. The Commission also wants to be able to comment on any real changes in poverty that occur whilst the SMC measurement framework is being finalised.

To ensure this happens, where changes in methodology result in significant changes to the number of people measured as being in poverty, the Commission decided to reconsider its original decision on the poverty threshold. To do this, it would approach the decision as if those methodological improvements were available to it when the original decision was made (2018), so that the threshold is set to maintain the Commission's measure of 14.2 million people in poverty in 2016/17. This was set in order to match the HBAI AHC relative-low income poverty rate of 22% in 2016/17.

Where methodological changes cannot be applied retrospectively, the Commission will take a decision that meets this principle as closely as possible.

IMPROVEMENTS TO ANALYSIS CODE - 2019

Over the course of the year since the Commission's first report, the Commission's technical team have made a number of small adaptations to the measurement approach. None of these reflect changes to the Commission's approach or measurement framework. Instead, they reflect improvements in the measurement of specific elements of the Commission's measure. They include:

- Accounting for small numbers of observations where the Commission's measure of Total Resources Available (TRA) or elements of TRA are recorded as negative figures in the survey data;
- Creating new assumptions on the rental value of an extra room, to feed into measures of overcrowding. The previous approach of using figures for 2016/17 and deflators for other years has been replaced by using new calculations for each year;
- Correcting a minor error in the calculation of sharing-unit level costs of overcrowding; and
- Correcting a coding error which meant that the wrong grossing factor was being used in one element of the Commission's calculation of the median total resources available.

Without any further changes to the Commission's measurement framework, these changes would lead to an increase in measured poverty of 500,000 in 2016/17, without altering the Commission's overall view of the number of people who were in poverty in that year.

ACCOUNTING FOR THESE CHANGES THROUGH THE THRESHOLD

As outlined above, the Commission does not want changes to the measurement methodology to lead to inferences about how actual poverty in the UK has changed. As such, the section above highlighted that the Commission will incorporate changes to methodology as if they were available when the 2018 poverty threshold decision was made. As a result, the Commission decided to reset the poverty threshold at 54% of the three-year average of the median of total available resources. This is the decision that would have been taken in 2018, as it ensures that the 2016/17 estimates for the number of people in poverty matches those for HBAI AHC relative-low income poverty in 2016/17; 14.2 million (see table 23).

Table 23: Poverty rates and numbers under different threshold choices

Threshold of median total resources available	Poverty rate		Number of people in poverty (millions)	
	2016/17	2017/18	2016/17	2017/18
54%	22%	22%	14.2	14.3
55%	23%	23%	14.7	14.7

Source: Family Resources Survey and HBAI dataset (1998/99–2017/18), SMC Analysis.

UPDATING OF THE PROXY FOR THE EXTRA COSTS OF DISABILITY

Why consider this issue?

The Commission's 2018 report highlighted the importance of regarding the extra costs of disability as an inescapable family-specific cost. However, it also demonstrated that existing evidence does not allow for an identification of how the extra costs of disability vary across individuals with different types or severities of disability. As a result, the Commission chose to use the value of extra cost disability benefits (DLA, PIP and AA) as the best available proxy for the extra costs of disability. In practice, this means that the financial value of these benefits is judged as not being able to be used to meet non-disability needs, and this amount is deducted from resources available as a best estimate of the inescapable cost. The Commission committed to undertaking more work in this area, which it plans to begin later in 2019.

The Commission is aware that an implication of simply using reported levels of extra-cost disability benefits that families receive as a proxy is that any changes to the generosity of these benefits (and their relativity with the actual extra costs of disability) will not be captured in the Commission's measure of poverty. For example, if the Government chose to significantly increase the generosity of these benefits, this would not be translated into a reduction in poverty in the Commission's results.

The Commission's decision

To tackle this, the Commission decided that the proxy set in 2018, should be updated (its value changed) each year. This would allow the Commission to change the value of the proxy to reflect how it believed the extra costs of disability had changed over the previous year. This would remove the necessity of a direct link between the extra cost benefits and the proxy for the extra costs of disability. For example, this would mean that, if extra costs were judged to have risen and this was reflected in the Commission's proxy, the impact on poverty amongst disabled people would depend on the Government's choices surrounding the extra cost benefits; if they were also to rise (by the same amount) there would be no impact. However, if extra cost benefits had not risen by as much, poverty amongst disabled people would be likely to rise.

Commission decision on principle

The proxy for the extra costs of disability that was set in 2018, based on values of DLA / PIP / AA in 2016/17, should be updated each year to reflect changes in the underlying extra costs of disability.

Measurement in practice

The Commission considered a range of options for uprating the value of the proxy for the extra costs of disability in 2019. These included:

- Uprating by a measure of an economy-wide measure of inflation (e.g. the Consumer Prices Index);
- Uprating by a measure of inflation specific to the extra costs of disability (e.g. based on the types of goods and services typically included in these extra costs); and
- Uprating by the observed level of the increase in extra cost benefits.

Its ultimate decision was guided by two factors:

- Testing which demonstrated that, unless the proxy is uprated by a significantly larger value than the uprating of the extra cost benefits (which rise by the September value of CPI), impacts on measured poverty amongst disabled people are minimal. For example, if the proxy is uprated by 2% more than the extra costs of disability, this rarely showed up in the reported estimates of poverty as they are rounded to the nearest 100,000. Of course, over longer periods of time, this effect could become much more important, which underlines the Commission's strong belief that further work is needed in this area; and
- The Commission was again hampered by a lack of robust evidence on the extra costs of disability and the ability to capture these in the FRS / HBAI. Ultimately, the Commission felt that, without further detailed research, it was unable to adopt an uprating strategy which it felt would guarantee that changes in the proxy value for extra costs more accurately reflected changes in the extra costs of disability, than simply uprating by the observed changes in the extra costs benefits..

Based on these findings, the Commission decided to uprate the proxy in line with observed increases in the extra cost benefits. However, the Commission again notes the need for urgent work in this area and will be taking forward the initial stages of that work later this year. The Commission will return to this decision once that work has been undertaken.

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 24 demonstrates these poverty lines for a range of example families. It shows that in 2017/18 a single childless person with less than £151 a week of available resources would be judged to be in poverty. This means that they would need £5 more a week to be judged as not being in poverty than was the case last year. The threshold for a childless couple is £260 a week (£9 higher than last year) and, for a couple with two children aged under 14, is £422 a week (£14 higher than last year).

Table 24: Poverty lines for different example family types

Family type	2017/18 poverty line (£ available resources per week)
Single, no children	£151
Lone parent	
<i>One child</i>	£203
<i>Two children</i>	£313
Couple, no children	£260
Couple with children	
<i>One child</i>	£313
<i>Two children</i>	£422
Pensioner, single	£151
Pensioner couple	£260

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 (2017/18), 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. Table 25 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 child¹</i>	Family Resources	2017/18	2016/17	2000/01
<i>One or more adults in family with poor self-reported physical health</i>	Understanding Society	2016/17	2015/16	2011/12
<i>One or more adults in family with poor self-reported mental health</i>	Understanding Society	2016/17	2015/16	2011/12
<i>One or more adults in family with low life satisfaction</i>	Understanding Society	2016/17	2015/16	2011/12
<i>One or more adults in family with low health satisfaction</i>	Understanding Society	2016/17	2015/16	2011/12
<i>One or more youths in family has drunk to excess in last four weeks</i>	Understanding Society	2014/15	2011/12	no data
<i>One or more adults in family has drunk to excess in the last year</i>	Understanding Society	2015/16	no data	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	2016/17	2015/16	2012/13
Labour market opportunity				
<i>Proportion of working-age adults who are workless</i>	Family Resources	2017/18	2016/17	2000/01
<i>No one in family has any formal qualifications</i>	Family Resources	2017/18	2016/17	2008/09
<i>All adults have highest qualification that is below 5a*-c GCSEs or equivalent¹</i>	Family Resources	2017/18	2016/17	2008/09
<i>Average time spent travelling to work for working adults in family (minutes)</i>	Understanding Society	2016/17	2015/16	2011/12
Family, relationships and community				
<i>Single adults¹</i>	Family Resources	2017/18	2016/17	2000/01
<i>Lone parent families¹</i>	Family Resources	2017/18	2016/17	2000/01
<i>Single pensioners¹</i>	Family Resources	2017/18	2016/17	2000/01
<i>Adults in family rarely or never feel close to others</i>	Understanding Society	2015/16	2012/13	no data

Domain and indicator	Survey	Most recent data	Last data	Earliest data
<i>One or more youths in family does not feel supported by their family/people who they live with</i>	Understanding Society	2016/17	2015/16	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	2016/17	2015/16	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	2014/15	2011/12	no data
<i>One or more adults in family is not willing to improve neighbourhood</i>	Understanding Society	2014/15	2011/12	no data
<i>Family's average size of social network is below 5 close friends</i>	Understanding Society	2014/15	2011/12	no data
Family finances				
<i>Family is behind in paying bills</i>	Understanding Society	2016/17	2015/16	2011/12
<i>In a workless family¹</i>	Family Resources	2017/18	2016/17	2000/01
<i>In a family reporting material deprivation</i>	Family Resources	2017/18	2016/17	2010/11
<i>One or more adults in family with low income satisfaction</i>	Understanding Society	2016/17	2015/16	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

Notes: 1. In table 3 this indicator is drawn from the Understanding Society survey as the measurement of persistent poverty requires the use of longitudinal data. Most recent data is therefore 2016/17, last data is 2015/16 and earliest data is 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. (2019). Family Resources Survey, 2017-2018. [data collection]. UK Data Service. SN: 8460, <http://doi.org/10.5255/UKDA-SN-8460-1>. Department for Work and Pensions. (2019). Households Below Average Income, 1994/95-2017/18. [data collection]. 12th Edition. UK Data Service. SN: 5828, <http://doi.org/10.5255/UKDA-SN-5828-10>. University of Essex, Institute for Social and Economic Research. (2018). Understanding Society: Waves 1-8, 2009-2017: Special Licence Access, School Codes. [data collection]. 6th Edition. UK Data Service. SN: 7182, <http://doi.org/10.5255/UKDA-SN-7182-5>
- ii 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.
- iii See <https://www.gov.uk/government/news/new-poverty-statistics-developed-to-help-government-target-support>, accessed 25/06/19.
- iv 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.
- v 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.
- vi Note that we also use "related" to refer to two people living together as a couple.
- vii Note that persistence figures are based on the Understanding Society dataset and 2016/17 is the most recent available data.
- viii 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.
- ix 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.
- x 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.
- xi 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 and 2016/17. 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.

- xii 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.
- xiii 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.



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