

## Monitoring poverty and social exclusion 1999

The New Policy Institute has updated and extended its fifty indicators of poverty and social exclusion first published last year. The data is the most comprehensive and up-to-date available (1998 or 1999).

- f** In 1997/8 - the latest data available - the number of people with incomes below half of the national average was little changed at 10.7 million before housing costs (14 million after housing costs). Analysis suggests that these numbers remained similar during 1998/9.
- f** The number of individuals experiencing low income in at least two years out of every three has remained unchanged.
- f** The number of people on very low incomes (below 40 per cent of average income) has risen by over a million to 8 million (after housing costs) in the two years to 1997/8, representing an historic high. More than 2 million children still live in households where there is no adult in paid work.
- f** There have been improvements in work-related indicators, with the numbers wanting paid work continuing to fall and job insecurity appearing to level off.
- f** Health inequalities continue to worsen. Premature deaths are becoming more geographically concentrated in low-income areas and obesity is almost three times as prevalent in women in social classes IV and V compared with social class I.
- f** It is too early to estimate the impact of policy changes introduced in 1999, such as the national minimum wage and the Working Families Tax Credit.
- f** The cost of bringing everyone up to the current level of half average income is about one per cent of GDP. Tackling poverty may therefore be more about how to target taxes and benefits with minimum stigma or disincentives than about the overall cost.
- f** The nature of social exclusion defined in this analysis suggests that tackling it will need to involve the commitment of individuals and organisations in the private sector as well as changes in public expenditure and services.

Indicator <i>(in italic is the same or very similar to one of the Government's chosen indicators)</i>	Trend	
	Over the medium term	Over latest year
<b>Income</b>		
1. Gap between low and median income	Steady	Worsened
2. <i>Individuals with low income (below 50% of average income)</i>	Steady	Steady
3. Intensity of low income (below 40% of average income)	Worsening	Worsened
4. In receipt of means-tested benefit (working-age only)	Improving	Improved
5. <i>Long-term recipients of benefits (all ages)</i>	Steady	Improved
6. Spells of low income (at least 2 years in 3 on a low income)	Steady	Steady
7. The location of low income	n/a	n/a
<b>Children</b>		
8. <i>Children in workless households</i>	Falling	Steady
9. <i>Children in low-income households (below 50% of average income)</i>	Steady	Steady
10. <i>Low birthweight babies (%)</i>	Steady	Steady
11. <i>Accidental deaths</i>	Improving	Improved
12. <i>Pupils gaining no GCSE above Grade D</i>	Improving	Improved
13. <i>Permanently excluded from school</i>	Worsening	Steady
14. Children whose parents divorce	Improving	Improved
15. <i>Births to girls conceiving under age 16</i>	Worsening	Improved
16. Children (10-16) in young offender institutions	Worsening	Worsened
<b>Young adults</b>		
17. <i>Unemployed (16-24)</i>	Improving	Steady
18. On low rates of pay (16-24)	Improved	Steady
19. <i>Not in education, training or work (16-18)</i>	Improved	Steady
20. <i>Problem drug abuse (15-24)</i>	Worsening	Worsened
21. <i>Suicide (15-24)</i>	Steady	Steady
22. <i>Without a basic qualification (19-year-olds)</i>	Improving	Improved
23. With a criminal record (18-20)	Steady	Worsened
<b>Adults aged 25 to retirement</b>		
24. <i>Individuals without paid work who would like to have such work</i>	Improving	Improved
25. <i>Households without work for 2 years or more</i>	Steady	Steady
26. On low rates of pay	Steady	Worsened
27. Insecure at work	Steady	Improved
28. Without access to training	Steady	Steady
29. Comparative premature death rates	Worsening	Worsened
30. Obesity	Worsening	Worsened
31. Long-standing illness or disability	Steady	Improved
32. Depression	Steady	Steady
<b>Older people</b>		
33. Pensioners with no private income	Steady	Improved
34. Spending on essentials	Steady	Steady
35. Excess winter deaths	Steady	Worsened
36. Long-standing illness or disability	Steady	Improved
37. Anxiety	Steady	Steady
38. <i>Help from social services to live at home (%)</i>	Worsening	Worsened
39. Without a telephone	Improving	Steady
<b>Communities</b>		
40. Non participation in civic organisations	Improving	Steady
41. Polarisation of work (%)	Steady	Steady
42. Spending on travel	Steady	Steady
43. Lacking a bank or building society account	Steady	Steady
44. Burglary	Improving	Improved
45. Without household insurance	n/a	Steady
46. Dissatisfaction with local area (%)	Steady	Improved
47. Without central heating	Improving	Steady
48. Overcrowding	Improving	n/a
49. Households in temporary accommodation	Steady	Worsened
50. Mortgage arrears	Improving	Improved

## Background

The indicators presented here update those in the report produced last year, **Monitoring poverty and social exclusion: Labour's inheritance**. The indicators have been updated by at least one year's worth of data, and sometimes two. Whilst income is the focus of many of the indicators, they also cover a wide range of other subjects including health, education, work, and engagement in community activities. Six new indicators have been added this year.

Last year's report argued the case for a regular, authoritative and independent assessment of progress in reducing poverty and social exclusion. Since then, the Government first committed itself to publishing its own annual assessment, and then in the autumn went on to produce the first of them: **Opportunities for all: Tackling poverty and social exclusion**. For the first time, the Government has made clear the statistical indicators by which it wishes its progress to be judged. Around three-quarters of the 38 'success measures' in the Government's report first appeared as indicators in **Monitoring poverty and social exclusion: Labour's inheritance**.

## The indicators

The following is a summary of the findings in the report's six chapters on indicators which, reflecting the importance of multiple disadvantage, are mainly grouped according to the life stages of the people affected.

### *Income*

In adopting below half average income as one of its major indicators of the extent of poverty, the Government has explicitly taken responsibility for the level of relative poverty in society, measured in these terms.

Statistics for the year April 1997 to March 1998, released in October 1999, show 10.7 million people on below half average income measured before housing costs and 14 million measured after housing costs. These figures are very little changed from the previous year. They have remained relatively constant throughout the 1990s, after doubling during the 1980s.

Ten per cent of households still have an income of £132 or less per week and the weekly income of a person one-tenth of the way up the income distribution has increased by only £4 in real terms since 1994/95. Around two-thirds of those below half average income are not in paid work.

Although the number of working-age people receiving a means-tested benefit fell by 10 per cent between 1995 and 1998, the number on very low incomes, defined as below 40 per cent of average income, rose over that period by over a million (Figure 1). Four in ten lone parents are on incomes below 40 per cent of the average.

### *Children*

Child poverty continues to be a major problem. The number of children in households with below half average income remains over 3 million (Figure 2). Over 2 million live in households where there is no adult in paid work. Unlike households without children, there has been little decline over the last three years in the number of households with children on means-tested social security benefits.

Inequalities in health and education between poor children and others remain both marked and persistent. Babies in social classes IV and V are 20 per cent more likely to be born underweight than those in social classes I, II and III. Whilst accidental deaths continue to fall in absolute numbers, children in the lower two classes are now over twice as likely to die in an accident as those in the upper three. Similarly, whilst educational outcomes are generally improving, the attainment of children in schools with more than a third of pupils on free school meals actually fell between 1997 and 1998.

Certain indicators appear to have stabilised after sharp rises in recent years. The number of births to girls conceiving before their 16th birthday came down somewhat in 1997, as did school exclusions, although both are still near their historic peak.

### *Young adults*

A large minority of young adults are economically vulnerable, especially in their late teens. At the end of 1997, 160,000 young adults aged 16-18 – 9 per cent of the age group – were not in education, in training or in work. Whilst the number unemployed in the 18-24 year group is falling, the percentage of 16- and 17-year-olds who are unemployed continues to increase and is now three times the rate for all working-age adults. In Spring 1999, just over 1¼ million young adults aged 16-24 were paid less than half male average (median) hourly earnings. In contrast, the numbers of young adults without a basic educational qualification continues to fall, and is now less than half the figure of 1989 (Figure 3).

In 1998, the numbers of 15- to 24-year-olds being

Figure 1: In the latest two years, the numbers on very low incomes, defined as below 40 per cent of average income, have risen by over 1 million, whilst the numbers below 50 and 60 per cent of average income have been more stable

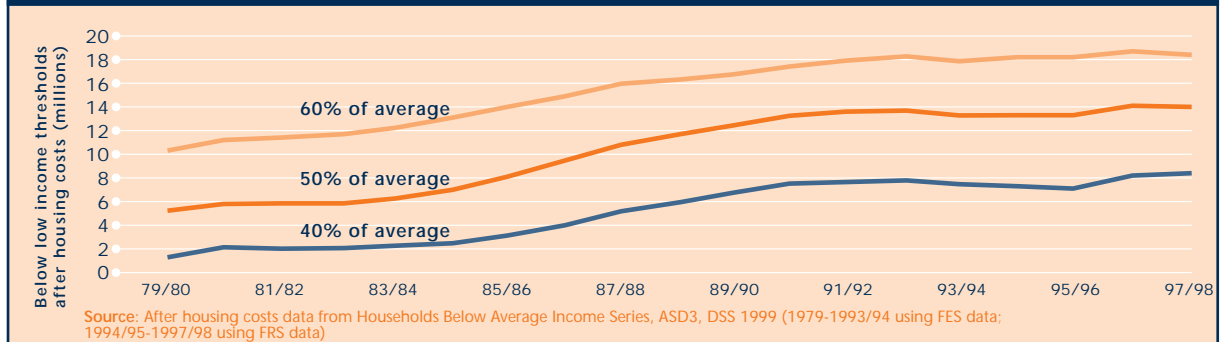
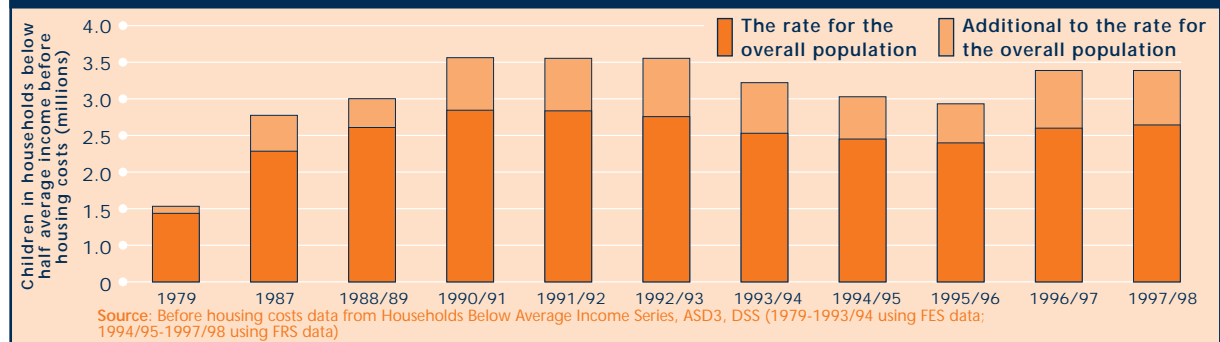


Figure 2: Although the number of children in low-income households did not change between 1997 and 1998, children continued to be at a greater risk of poverty than adults



treated for drug abuse rose by 20 per cent compared with the previous year, and the number with a criminal record continued to grow.

### Adults

There are still more than 4 million adults who would like to have paid work but do not, although this is down from 5 million in 1993.

It is too early to show what impact the minimum wage is having but in early 1999 there were still over 2 million employees aged between 25 and retirement age who were paid less than half male median hourly pay (£3.85).

Although indicators of insecurity at work appear to have levelled off, they are still marked: those without qualifications are still three times less likely to get work related training as those with qualifications; there are still over 1½ million temporary employees; and more than 40 per cent of people claiming Job Seeker's Allowance last claimed less than 6 months previously.

Health inequalities amongst adults continue to grow. The number of local authority areas with mortality rates which are significantly above average has grown by 40 per cent since 1991 and women in

social classes IV and V are almost three times as likely to be obese as those in social class I (Figure 4).

### Older people

Whilst many older people clearly suffer from poverty and are excluded in a variety of ways, fewer good statistics for measuring these problems are available than for the other age groups.

1.3 million pensioners are still totally reliant on the state pension and benefits, and pensioners are the largest single group on means-tested benefits (Figure 5). The poorest are almost twice as likely to live in badly insulated housing as the best-off pensioners, and the 20-50,000 excess winter deaths each year partly reflects this. The five years up to 1998 have seen a significant reduction, of 25 per cent, in the number of pensioner households who are getting any help from their local authority to live independently at home.

### Communities

In 1998/9, over two-thirds of heads of households in social housing did not have paid work, compared with one-third in other housing (Figure 6). More than a third of those in social housing live on weekly incomes of less than £100.

Figure 3: The number of 19-year-olds without a basic qualification fell rapidly in the early 1990s, but has now levelled off as the total population of 19-year-olds has begun to rise

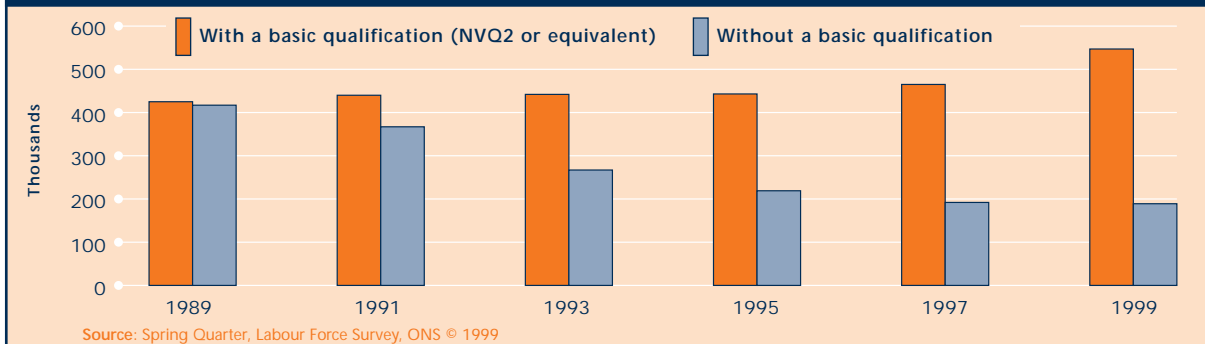


Figure 4: In 1997, women aged 25 to 64 in social classes IV and V were almost three times as likely to be obese as those in social class I

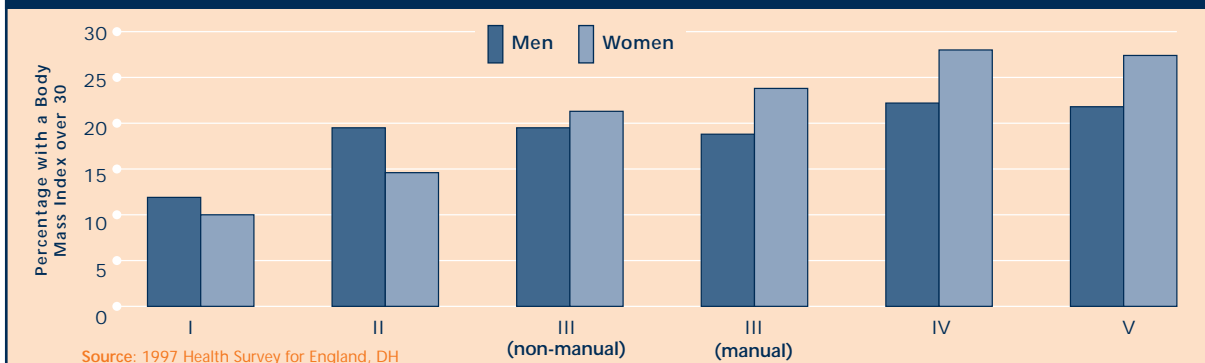


Figure 5: Pensioners are heavily concentrated in the bottom half of the income distribution

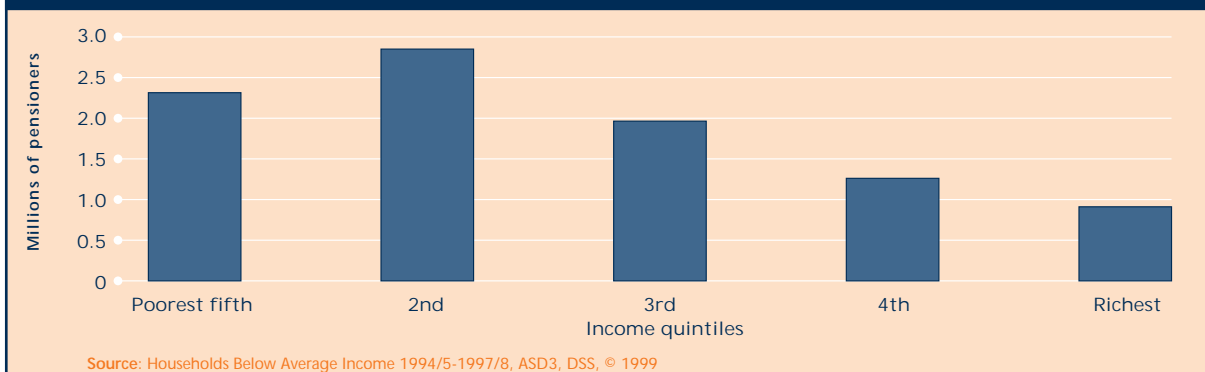
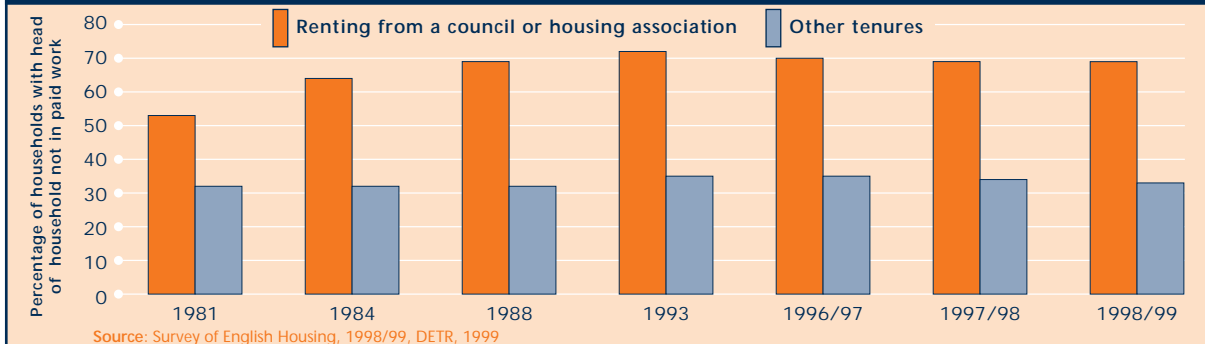


Figure 6: In over two-thirds of households in social housing, the head of household is not in paid work. This compares with a third of heads of households in other tenures



The risk of burglary varies considerably by type of household; for example, the poorest households are around twice as likely to be burgled as households on average, as are lone parent households. Households in temporary accommodation have risen sharply in the last two years – from less than 50,000 to more than 60,000 – after declining for the previous five.

There has been no improvement for the last three years in the proportion of low-income households without a bank or building society account: whilst on average 9 per cent of all households do not have an account holder, 27 per cent of lone parent households, and 27 per cent of Bangladeshi and Pakistani households, do not have one.

### About the study

The study has involved drawing together data from a wide range of different sources, mainly large government-funded surveys, some administrative data and some local and health authority returns. The selection of the indicators is based on the comprehensive review undertaken last year into what data was available across the range of areas to be covered. There remain gaps in what can be used. The work has only been possible due to the co-operation of civil servants (particularly statisticians) across government.

### How to get further information

The full report, **Monitoring poverty and social exclusion 1999** by Catherine Howarth, Peter Kenway, Guy Palmer and Romina Miorelli, is published by the Joseph Rowntree Foundation (ISBN 1 85935 053 4, £16.95 plus £2 p&p). Last year's edition, **Monitoring poverty and social exclusion: Labour's inheritance** is also still available (ISBN 1 85935 049 6, £16.95). In addition to the data, it explains the choice of indicators and gives key conclusions of relevant research.