

# Monitoring poverty and social exclusion 2008

Findings  
Informing change

December 2008

This report marks the tenth anniversary of the first edition of *Monitoring poverty and social exclusion*. Built around a set of indicators constructed using the latest official government data, the report assesses the record across a wide range of subjects from low income to exclusion from services. It effectively provides a picture of the state of poverty and social exclusion in the UK just before the onset of the recent economic downturn. The authors conclude that while several headline indicators show early momentum has not been sustained, this pattern is by no means the norm.

## Key points

- For 15 statistics, earlier improvement has stalled. These include: children in low-income or workless households; working-age adults lacking but wanting paid work; the value of out-of-work benefits for pensioners and families relative to earnings; 16-year-olds failing to get five or more GCSEs; and adults worried about being a victim of burglary or violent crime.
- For 5 statistics, earlier improvement has since reversed, usually meaning no net progress. These include court orders for repossession, and young adult unemployment.
- For 5 statistics, deterioration has followed earlier stagnation. These include: adults in low-income working families, and working families needing tax credits to avoid low income.
- 5 statistics only improved in the latter period, sometimes sharply. They include: those aged 60 and over who feel very unsafe going out alone at night, and households newly recognised as homeless.
- 10 have shown a sustained improvement over the decade, including: 11-year-olds failing to reach level 4 at Key Stage 2; premature deaths; homes deemed 'non-decent'; and low-income households without a bank account.
- 5 have steadily worsened, including: pensioners not taking up benefit entitlement and the value of out-of-work benefits for adults without dependent children, relative to earnings.
- 11 have remained unchanged throughout (often despite being policy priorities) including: the geographic concentration of those claiming out-of-work benefits; pregnancies under 16; low-income households without contents insurance; and pensioners reporting a long-standing illness or disability.
- The authors conclude that what stands out is how different the record has been in the two five-year periods, from 1997 up to 2002 or 2003 and since then. From 1997 to 2002/2003, 30 out of 56 statistics monitored improved, with 7 worsening. By contrast, from 2003 to the latest available data, 14 improved while 15 worsened.

## The research

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**Table 1: 56 statistics measured over time – performance in each period**

Chapter	Theme	Subject	Over first five years	Over last five years
Money	Low income	Total number of people in low-income households	Improved	Steady
		Total number of people in very low-income households	Steady	Worsened
		Total number of people living below a fixed low-income threshold	Improved	Steady
	Low income (social security)	Low-income households who are paying full council tax	Worsened	Worsened
	Debt	Repossessions, and court orders for repossessions	Improved	Worsened
More than twelve months in arrears with their mortgage		Improved	Steady	
Children	Economic circumstances (low income)	Children in low-income households	Improved	Steady
	Economic circumstances (work)	Children in workless households	Improved	Steady
		Children in working families needing tax credits to avoid low income	Steady	Worsened
	Education	11-year-olds failing to reach Level 4 at Key Stage 2	Improved	Improved
		16-year-olds failing to get five or more GCSEs at A to C	Improved	Improved
		16-year-olds failing to get five or more GCSEs at any level	Improved	Steady
	Social cohesion	Children permanently excluded from school	Improved	Steady
		Looked-after children failing to get five or more GCSEs	Improved	Improved
		Pregnancies among girls aged under 16	Steady	Steady
	Health and well-being	Children cautioned for, or guilty of, an indictable offence	Improved	Worsened
Proportion of live births born weighing less than 2.5kg		Steady	Steady	
		Infant deaths	Improved	Improved
Young adults	Economic circumstances (low income)	Young adults in low-income households	Steady	Worsened
	Economic circumstances (work)	Young adult unemployment	Improved	Worsened
		18- to 21-year-olds who are low paid relative to average (median) earnings	Steady	Steady
	Education	16- to 19-year-olds not in education, training or work	Steady	Worsened
19-year-olds lacking a Level 2 qualification		Steady	Improved	
Working-age adults	Economic circumstances (low income)	Working-age adults in low-income working families	Steady	Worsened
		Working-age adults in low-income workless families	Improved	Steady
	Economic circumstances (work)	Working-age adults lacking but wanting paid work	Improved	Steady
		Working-age, workless households	Improved	Steady
		Disabled working-age adults in work	Steady	Steady
	Social security	Value of out-of-work benefits for pensioners, relative to earnings	Improved	Steady
		Value of out-of-work benefits for families with dependent children, relative to earnings	Improved	Steady
		Value of out-of-work benefits for working-age adults without dependent children, relative to earnings	Worsened	Worsened
		Working-age adults receiving out-of-work benefits for two or more years	Steady	Steady
	Disadvantage in work	Working-age adults who are low paid relative to average (median) earnings	Steady	Steady
		New claimants of Jobseeker's Allowance last claiming less than six months earlier	Improved	Worsened
		Pay gap between low-paid women and male median earnings	Improved	Improved
		Pay gap between low-paid men and male median earnings	Steady	Steady
	Health and well-being	Pay gap between high-paid men and women and male median earnings	Worsened	Worsened
		Deaths among those aged under 65	Improved	Improved
Working-age adults aged 45 to 64 reporting a long-standing illness/disability		Improved	Steady	
Working-age adults at high risk of mental illness		Improved	Steady	
Older people	Economic circumstances (low income)	Single pensioners in low-income households	Improved	Improved
		Pensioner couples in low-income households	Steady	Improved
	Economic circumstances (social security)	Pensioners not taking up benefits to which they are entitled	Worsened	Worsened
	Health and well-being	Pensioners reporting a long-standing illness/disability	Steady	Steady
		People aged 60 and over who feel very unsafe going out alone at night	Steady	Improved
	Access to services	People aged 75 and over helped by social services to live at home	Worsened	Worsened
		Low-income households without a bank account	Improved	Improved
Low-income households without home contents insurance		Steady	Steady	
Community	Housing	Households newly recognised as homeless	Worsened	Improved
		Homeless households in temporary accommodation	Worsened	Steady
		Individuals and households in overcrowded accommodation	Steady	Steady
		Non-decent homes	Improved	Improved
		Households in fuel poverty	Improved	Worsened
	Social cohesion	Geographic spread of claimants of out-of-work benefits	Steady	Steady
		Adult victims of burglary or violent crime	Improved	Improved
		Adults worried about being a victim of burglary or violent crime	Improved	Steady

## Background

This report marks the tenth anniversary of the first edition of *Monitoring poverty and social exclusion*, published in December 1998.

This year's report assesses progress across the whole range of subjects covered (see Table 1). Each of the 56 statistics that measure change since 1997 has been classified as 'improved', 'worsened' or staying 'steady' (a) in the five or so years up to 2002 or 2003, and (b) in the five or so years since.

The report used the most recently available data for each statistics. The economic downturn of late 2008 is likely to have a major impact on some of the issues covered, such as unemployment. The related website, [www.poverty.org.uk](http://www.poverty.org.uk), is updated as new data becomes available.

Table 2 shows how different the record is in the two periods. Over the first period, the record was strongly positive: about half the statistics (30 out of 56) improved and 7 worsened. By contrast, over the second, just 14 improved while 15 worsened. The overall impression is one of early momentum not being sustained.

### Early momentum not sustained

The overall impression of early momentum not being sustained is reinforced by the way that several high-profile statistics also follow it. In particular, the number of *children living in low-income households* remains broadly at 2003 levels, the cumulative fall of some 500,000 since the baseline year being only half that required to reach the Government's *first* poverty reduction milestone, due by 2004/05. (Numbers both after (AHC) and before (BHC) housing costs have fallen by around 500,000.)

Three other low-income statistics fall into this category: *working-age adults in low-income workless families*, *people in low-income households* and *people in households with an income below a fixed income threshold*.

Five statistics with a direct impact on low income also follow this pattern. Two concern social security: the *value of out-of-work benefits for pensioners*, and for *families with dependent children, relative to earnings*. Three others concern the lack of work: *children in workless households*; *working-age, workless households* and *working-age adults lacking but wanting paid work*. All three ceased to fall around 2004.

Two education statistics come under this heading: *children permanently excluded from school* and *16-year-olds who fail to get five or more GCSEs at any level*. The lack of further progress on the latter (from about 2000 onwards) is in marked contrast to continued progress in the 'headline' 'five GCSEs at grade C or above'.

The number of *adults worried about being a victim of burglary or violent crime* stabilised in about 2004 at levels only half of those in 1997. Earlier falls also petered out after 2003 in the numbers of *working-age adults at high risk of mental illness* and in the proportion of *working-age adults aged 45 to 64 reporting a long-standing illness/disability*.

Finally, the number of *households more than twelve months in arrears with their mortgage* fell steadily to about 2004; it has since remained (up to 2007) at a level similar to the early years of the decade.

But while the overall impression is of 'improvement stalled', this applies to only a quarter of the statistics.

### Early progress reverses

On some indicators, early progress has gone into reverse. The most dramatic is the number of *court orders for repossession* which, in 2007, was approaching the levels seen in 1990 and 1992 (the two years either side of the worst year in the last house price slump), having bottomed out in 2003.

The number of *households in fuel poverty* bottomed out in 2003 before starting to rise, gently at first, but much more sharply thereafter.

**Table 2: overview of the 56 statistics, by performance in each of the two periods**

		Over last five years			Total
		Improved	Steady	Worsened	
Over the first five years	Improved	10	15	5	30
	Steady	3	11	5	19
	Worsened	1	1	5	7
	Total	14	27	15	56

The number of *children cautioned for, or guilty of, an indictable offence* has been rising since its 2003 low. The increase since then, of about a fifth, takes it back to its late 1990s level.

Another statistic which appears to have recently jumped to levels last seen in the late 1990s is the number of *new claimants of Jobseeker's Allowance last claiming less than six months earlier*.

Finally, the rate of *young adult unemployment* declined from the late 1990s to a low in about 2003 but this fall has been more than fully reversed since then. Even at its lowest, the unemployment rate for 16- to 24-year-olds stood at 12%.

## Stagnation then deterioration

A number of statistics have deteriorated after a period of negligible progress.

The proportion of *16- to 19-year-olds not in education, training or work*, though falling up to 2000, had returned to its 1997 level by 2002 and exceeded it by 2007.

All the other statistics in this group concern low income. *The total number of people in very low-income households* has been rising since 2004/05 to an all-time high of 5½ million in 2006/07. The proportion of *young adults in low-income households* has returned in the last two years to levels not seen since before 1997, and well above those for working-age adults as a whole.

The number of *working age adults in low-income working families* – ‘in-work’ adult poverty – has jumped in the last two years, now fully one million above where it was in the mid-1990s and also, probably for the first time, higher than ‘out-of-work’ adult poverty.

This in turn is linked with the number of *children in working families needing tax credits to avoid low income*. This increasing need for tax credits is the key to why the Government has missed its child poverty targets: whilst its measures have helped increasing numbers of children to escape poverty, the number requiring such help has also risen.

## Recent improvement

In contrast with the overall picture of momentum stalling, there are some statistics where the recent record is better.

Among both women and men, the proportion of *those aged 60 and over who feel very unsafe out alone at night* is now a third lower than in the years up to 2002. Similarly, the number of *pensioner couples in low-income households*, steady up to 2002/03, has since fallen by about a quarter.

The proportion of *19-year-olds lacking a Level 2 qualification* has also arguably been coming down since 2004, having shown no clear trend since the late 1990s.

Two homelessness statistics both show recent improvement. The number of *homeless households in temporary accommodation* was rising up to 2004 since when it has improved (fallen back) a little. The number of households newly recognised as homeless reached a high point in 2003 and has since fallen rapidly. By 2007 it had halved, bringing it down to a level well below that in 1997.

## Sustained improvement

Some things have clearly been improving throughout.

In education, the proportion of *11-year-olds failing to reach level 4 at Key Stage 2* has fallen from nearly 40% to 20% over the last decade. The proportion of *16-year-olds failing to get five or more GCSEs at A to C* fell over the same period from 55% to 40%.

The proportion of *looked-after children failing to get five or more GCSEs* has been falling since about 2001. But, with over 40% of such children failing to achieve any GCSEs, their levels of attainment still fall far short of those for 16-year-olds as a whole.

Both *infant deaths* and *deaths among all those aged under 65* have continued to decline, each by about one sixth over the last decade. Where data is available by social class – as it is for infants – it shows a fairly uniform decline across the classes over time: in short, improvement across the board but no reduction in inequality.

The *pay gap between low-paid women and male median earnings* has continued to decline. Since the corresponding gap between low-paid men and the median has remained unchanged, this means that the gap between low-paid men and low-paid women has halved since the mid-1990s (but has not disappeared).

The proportion of *homes deemed 'non-decent'* has come down from a half to a quarter over the decade. With thermal inefficiency the principal reason for homes being classified non-decent, this fall has been an important factor in the earlier steady fall in fuel poverty.

The proportion of adults who tell the British Crime Survey that they have been *adult victims of burglary or violent crime* has also continued to decline steadily. As noted above, however, fear of crime ceased to fall after 2004.

The number of *single pensioners in low-income households* is only about half what it was a decade ago. The fall was gradual in the earlier period, but much faster after 2001.

Another statistic where recent improvement has been much more rapid (since 2003) is the proportion of *low-income households without a bank account*.

## Continued deterioration

Three of the five statistics which have worsened steadily across the decade relate to the social security system.

The proportion of *pensioners not taking up benefits to which they are entitled* covers Housing Benefit, Council Tax Benefit and Pension Credit. All three are about a third higher than a decade ago, with the latter two both now around the 40% level.

The proportion of all *low-income households paying full council tax* (ie. receiving no Council Tax Benefit) has also risen by a third over the decade, to 60%. While non-take-up is the issue for low-income pensioner households, entitlement rules are a major factor for the almost 90% of low-income, working families who pay the tax in full.

Since real increases (ie. above inflation) to social security benefits have been confined to pensioners and children, the *value of out-of-work benefits for adults without dependent children, relative to earnings*, has inevitably declined and is now 20% below where it was a decade ago.

Unlike the pay gaps for low-paid men and women which have either stayed steady or declined compared with median earnings, the *pay gap between high-paid men and women compared with male median earnings* has continued to rise. So while some of those at the bottom of the pay distribution have moved a little closer to the average (see above), those at the top have continued to move further away.

The final statistic showing steady decline, down by a quarter since 1997, is the proportion of *people aged 75 and over helped by social services to live at home*. This appears to be due to a general policy to focus resources on those deemed most in need and this statistic was also declining before 1997.

## No change

The final group is those remaining largely unchanged in both periods. This is despite many of these areas being policy priorities.

The strongest example is the *geographic concentration of claimants of out-of-work benefits*. Although the total number of recipients has fallen, the degree to which they are concentrated in particular areas has not, despite a range of initiatives after the *National strategy for neighbourhood renewal*.

The *number of pregnancies among girls under 16* is another statistic where there has been no improvement.

The proportion of *low-income households without home contents insurance* has not come down (so not closing the gap relative to average-income households).

The proportion of *working-age adults who are low paid relative to average (median) earnings* (using a threshold of £7 per hour in 2007) has not declined. Neither has the proportion of *18- to 21-year-olds who are low paid relative to average (median) earnings* nor the *pay gap between low-paid men and male median earnings* in contrast to low-paid women.

The general improvement in employment, at least up to 2004, might have suggested some fall in the number of *working-age adults receiving out-of-work benefits for two or more years*. Similarly, the lack of progress in increasing the proportion of *disabled working-age adults in work* contrasts with substantial increases for lone parents.

The proportion of *live births born weighing less than 2.5kg* has remained largely unchanged despite reductions in child poverty.

Finally, the proportion of *pensioners reporting a long-standing illness or disability* has not changed, fluctuating between 30% and 40% for those aged 65 to 74 and between 40% and 50% for those aged 75 and above.

## Conclusion

The authors conclude that, while the problem with several headline indicators – for example, child poverty, adults lacking but wanting paid work, and worry about being a victim of burglary or violent crime – is that early momentum has not been sustained, this pattern is not the norm.

Notable exceptions to this pattern include some indicators showing steady improvement, others where things have continued to worsen and a large group where there has been no real change – despite in many cases being the object of government policy.

As demonstrated by its 1998 *National strategy for neighbourhood renewal*, the Government's original vision of poverty and social exclusion covered much more than child poverty or those facing multiple deprivation. Some of the subjects deemed high priority have either stagnated or deteriorated over the last decade, suggesting that policy in these areas requires review. But some other subjects have improved, and these could usefully be given more prominence to show that progress is possible. The authors conclude, however, that the overall issue is whether the Government is once again going to set out a broad view of what needs to be done.

On the specific subject of child poverty, where Government policy is currently focused, the question is 'how to restart progress'. This analysis suggests that the answer is not simply 'work as the route out of poverty'. Rather, there needs to be an understanding of the problems that work can cause as well as the benefits that it provides. Restarting progress after several years of stagnation will require a full understanding of the forces at work.

In the commentary in the full report the authors draw out seven key lessons for policy and discuss these in greater depth.

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## For more information

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