

## Monitoring poverty and social exclusion 2003

The New Policy Institute has produced its sixth annual report of indicators of poverty and social exclusion. This year's report focuses on regional variations across England, Scotland and Wales. With five years of data now available to measure progress since Labour came to office in 1997, it is becoming much clearer where the Government's strategy for combating poverty and social exclusion is being successful - and where it is not.







-  With the number of people living in low-income households now on a steady downward trend, the latest figures (for 2001/02) passed the notable milestone of taking income poverty lower than at any time in the 1990s.
-  The main reason why the number of people in low-income households fell in the five years to 2001/02 is that there were fewer people in workless households. But, over the same period, the number of people in low-income, working households did not fall.
-  Out-of-work benefits to both working-age families with dependent children and to pensioners have risen by around 30 per cent in real terms since 1998, faster than earnings. This, plus the rise in tax credits, will have had a significant impact on the severity of poverty suffered by some low-income households even when it has not taken them above the low-income threshold.
-  In education, earlier progress in increasing the numbers of those with an adequate minimum level of qualification has stalled, with no further advance since 2000, compared with rapid progress during the second half of the 1990s. Around a quarter of young people at each of the ages of 11, 16 and 19 are still failing to reach a basic level of attainment.
-  There is no sign of any reduction since 1997 in the health inequalities which leave people with low incomes more likely to suffer serious health-related problems.
-  Across the range of indicators, problems of poverty and social exclusion are generally more prevalent in the North East than in other areas of the country. London has particular problems centred on low income and work and Scotland has particular problems centred on health.

Table 1: **Summary of the poverty and social exclusion indicators**

Indicator	Change over time	
	Over the last 5-6 years	Over the latest year of available data
<b>Income</b>		
1. Individuals with low income	Improved	Improved
2. The location of low income	N/a	N/a
3. Low income by type of person	N/a	N/a
4. Low income by economic status	Steady	Steady
5. Out-of-work benefit levels	Mixed	Mixed
6. Persistent low income	Steady	Steady
7. Income inequalities	N/a	N/a
8. Material deprivation	Improved	Improved
<b>Children</b>		
9. Low birthweight babies	Worsened	Worsened
10. Infant mortality	Steady	Steady
11. Births to girls conceiving under age 16	Improved	Improved
12. Low attainment at school - 16-year-olds	Improved	Improved
13. Low attainment at school - 11-year-olds	Improved	Steady
14. School exclusions	Improved	Worsened
15. Children in workless households	Improved	Improved
16. Concentration of poor children	Steady	Steady
17. In young offender institutions	Worsened	Steady
<b>Young adults</b>		
18. Unemployment	Improved	Worsened
19. Low pay	Improved	Improved
20. Destination of school-leavers	Improved	Steady
21. Problem drug use	Worsened	Steady
22. Without a basic qualification	Steady	Steady
23. With a criminal record	Steady	Steady
<b>Adults aged 25 to retirement</b>		
24. Individuals wanting paid work	Improved	Improved
25. Jobs	N/a	N/a
26. Low pay	Improved	Improved
27. In receipt of tax credits	N/a	N/a
28. Insecure at work	Improved	Steady
29. Access to training	Improved	Steady
30. Premature death	Improved	Steady
31. Obesity	Worsened	Worsened
32. Limiting longstanding illness or disability	Steady	Steady
33. Mental health	Improved	Improved
<b>Older people</b>		
34. No private income	Steady	Steady
35. Benefit take-up	Worsened	Steady
36. Excess winter deaths	Steady	Steady
37. Limiting longstanding illness or disability	Steady	Steady
38. Anxiety	Steady	Steady
39. Help from social services to live at home	Worsened	Worsened
40. Rural access to services	N/a	N/a
<b>Communities</b>		
41. Concentration of poverty	Steady	Steady
42. Transport	Improved	Improved
43. Without a bank or building society account	Steady	Improved
44. Burglaries	Improved	Steady
45. Without household insurance	Improved	Improved
46. Dissatisfaction with local area	Steady	Steady
47. Without central heating	Improved	Improved
48. Overcrowding	Steady	Steady
49. Homelessness	Worsened	Worsened
50. Mortgage arrears	Improved	Improved

## **What the indicators show**

### *On low income, some significant milestones have now been passed*

The latest figures, for 2001/02, showed a fall in the number of individuals living in low-income households to 12.5 million, or 22 per cent of the population. Of these, 3.8 million were children, 2.2 million were pensioners and 6.6 million were working-age adults, equivalent to 30 per cent, 23 per cent and 19 per cent of their respective populations.

The 12.5 million people in low-income households compares with a figure of around 13.4 million in the mid-1990s; the number of people living in a low-income household is now lower than at any time in the 1990s. Although there is a long way to go before the figures start approaching those of the early 1980s, this is still a notable milestone, indicative of real and tangible progress.

Britain may also be beginning to move up the European Union 'poverty league'. The latest published figures from the EU are for 1999, when the UK was still near the bottom, better only than Greece and Portugal and bracketed with Spain, Italy and Ireland. But if the rates in these countries have not changed since then, the reduction in poverty seen here since 1999 would mean that the UK was moving clear of this group by 2001/02, in the direction of the poverty rate recorded in France.

European comparisons also provide a way of expressing the Government's short- and medium-term targets for child poverty, that is, to have a poverty rate comparable with that currently prevailing in France by the middle of this decade, and to have one approaching that of the Netherlands, Germany and Denmark by its end. Such goals are tough. They may be missed in the particular years that the Government has set for them. But the fact that they are already achieved in neighbouring countries shows that they are, in principle, realistic.

### *On benefits and tax credits, some improvements and some problems*

2003 has marked the completion of a period of radical reform of the system of means-tested (out-of-work) benefits and (in-work) tax credits designed to increase the incomes of those most in need. What has made the reform radical is not only the changes to the structure of many benefits but also the very much higher levels of support now on offer.

Means-tested benefits for families with children and for pensioners started to grow sharply in 1999.

By April 2003, out-of-work benefits for families with two (or more) dependent children and for pensioner couples had risen by around 15 per cent more than the growth in earnings compared with 1998.

By contrast, out-of-work benefits for working-age households without dependent children remained unchanged in real terms. At the end of 2002, 2 million working-age adults without dependent children were receiving means-tested benefits – more than the number of either pensioners or working-age adults with dependent children.

Non-take-up of benefits is also a problem, particularly among pensioners where the latest figures show around 30 per cent non-take-up of both the Minimum Income Guarantee and Council Tax Benefit. This equates to around £1.4 billion of unclaimed money each year.

### *Falls in poverty have been due to falls in unemployment – but in-work poverty has not fallen*

Low pay and lack of work continue to be fundamental challenges to the anti-poverty strategy being followed. The main factor in reducing poverty among working-age households over the last few years has been the growth in employment, but many households where someone is working are still on low income and the term 'unemployment' does not cover many people who would like to work.

The risk of being in a low-income household ranges from three-quarters for unemployed households to one in twenty-five for 'all-working' households (where at least one adult works full-time and any other adult works at least part-time). In spite of the Government's reforms, these risks are largely unchanged since 1996/97.

Rather, the number of people in low-income households has fallen because households have moved out of high-risk categories into lower-risk ones; in other words, out of worklessness and into work. Unemployment itself has fallen sharply: among adults under 25, the unemployment rate fell from 13 per cent to 10 per cent between 1997 and 2003, while for those aged 25 and over, it fell from 6 per cent to 4 per cent. The number of people who are 'economically inactive who want work' has fallen far less quickly than this, being about equal in number to the unemployed in the mid-1990s but outnumbering them by a ratio of two to one in 2003.

Thanks to the fall in unemployment, the proportion of working-age households in poverty who were unemployed fell from 28 per cent in the

three years 1994 to 1997 to 15 per cent in the years 1999 to 2002. In contrast, the proportion of people in poverty in households where someone was doing paid work rose, from 33 per cent over the years 1994 to 1997 to 41 per cent in the years 1999 to 2002. In absolute terms, this represents an increase in the number of people suffering 'in-work poverty', up from an average of 3 million a year between 1994 and 1997 to 3.5 million a year between 1999 and 2002.

Some workers face chronic insecurity at work: almost half of men and a third of women making a new claim for Job Seekers' Allowance were last claiming less than six months ago, implying that the work they have done in between was either temporary or of a very short-term nature. Only one in ten of those in temporary work are there because they did not want a permanent job.

#### ***Progress across a range of education indicators has now stalled***

Some minimum qualifications appear to have a strong influence on the likelihood of being able to work in other than low-paid employment. Among those in their late 20s, half of those with no qualifications are earning less than £200 a week, compared with just one in six of those with a qualification equivalent to an NVQ2 or better. Against this background, several of the education and training indicators show grounds for concern. First, more than a quarter of 19-year-olds (200,000 individuals) lacked an NVQ2 or equivalent in 2003, the same as in 1999 but after steady falls between 1995 and 1999.

Second, one in every six 16-year-olds was neither in education nor training in 2002, fewer than in the mid-1990s but unchanged since 1999. And while the proportion of 16-year-olds gaining only low grades in their GCSE (or Scottish equivalent) examinations has declined somewhat over the last decade, a fifth still achieve only low grades, while one in twenty achieve no grades at all.

Third, among 11-year-olds, around a quarter failed to reach level 4 at Key Stage 2 in Maths and English in 2002. While this figure is down from two-fifths in 1996, all of this improvement took place before 2000 with no improvement since then. Among schools with a high number receiving free school meals, the overall percentage failing to reach this same level has always been higher but, at least in Maths, continued to fall through to 2002.

#### ***Health inequalities show no sign of reducing***

By far the most positive of the health indicators is that for premature death, where the rates for both men and women under 65 fell by a sixth in the decade to 2001. The number of births to girls who conceived under age 16 has also fallen from 5,000 in 1996 to 4,000 in 2001.

By contrast, obesity among women rose by a half over the decade to 2001, to the point where a quarter of all women aged 25 to 64 were affected. The incidence of obesity among poorer women is twice that of women in the richest fifth of the population. Mental ill-health also affects women more than men although, unlike obesity, there are substantial differences by income for men as well as women, with adults in the poorest fifth being twice as likely to be at risk of developing a mental illness as those on average incomes.

Limiting long-standing illness or disability is a problem that affects men and women equally, with two-fifths of the poorest fifth of both men and women aged 45 to 64 suffering from it compared with a quarter of those on average incomes. The differences by income do, however, largely disappear as people get older.

Perhaps the greatest concern in health inequalities relates to infant mortality and low birthweight. In both cases, if the inequality is changing at all over time, it is rising. For infant mortality, this is at least because things are getting better at the top rather than worse at the bottom. For low birthweight babies, however, it is because the incidence among families from a manual background has risen, albeit slightly, in recent years.

#### **Regional variations**

There is no simple pattern to which the regional variations of all the indicators all adhere. But there are some general themes:

- The North East is the only region where poverty and social exclusion are worse than average for more than half of the regional indicators.
- Poverty and social exclusion in London and Scotland are around average for many of the indicators but much worse on some.
- Poverty and social exclusion in Yorkshire and The Humber, the North West and (to a lesser extent) the West Midlands are around average for most of the indicators, but worse than average for some.
- The East Midlands is around average for most of

Table 2: **Regional contrasts**

Indicator	East	East Midlands	London	North East	North West	Scotland	South East	South West	Wales	West Midlands	Yorkshire & The Humber
<b>Income</b>											
2. The location of low income	+	=	-	-	=	=	+	=	=	=	=
<b>Children</b>											
10. Infant mortality	+	=	=	=	-	=	+	+	=	-	-
11. Births to girls conceiving under age 16	+	=	-	-	=	n/a	+	+	=	=	=
12. Low attainment at school - 16-year-olds	+	=	=	-	=	n/a	+	+	n/a	=	-
13. Low attainment at school - 11-year-olds	=	=	=	=	=	n/a	=	=	n/a	=	=
14. School exclusions	=	-	-	=	-	+	=	=	+	=	=
15. Children in workless households	+	=	-	-	-	=	+	+	-	=	=
16. Dental health	+	=	=	-	-	-	+	+	-	+	-
17. In young offender institutions	+	=	=	=	-	n/a	+	+	-	-	=
<b>Young adults</b>											
18. Unemployment	+	+	=	-	=	=	+	+	-	=	=
20. Destination of school-leavers	+	=	-	-	=	n/a	+	+	n/a	=	-
21. Problem drug use	+	-	=	-	=	-	+	=	=	=	-
<b>Adults aged 25 to retirement</b>											
24. Individuals wanting paid work	+	+	-	-	=	-	+	+	=	=	=
25. Jobs	+	=	+	-	=	-	+	+	=	-	-
30. Premature death	+	=	=	-	-	-	+	+	=	=	=
31. Obesity	=	=	+	-	+	n/a	=	=	n/a	-	-
32. Limiting longstanding illness or disability	+	=	=	-	=	=	+	+	-	=	=
33. Mental health	=	=	=	=	=	n/a	=	=	n/a	=	=
<b>Older people</b>											
36. Excess winter deaths	+	=	=	-	=	n/a	+	+	=	=	=
37. Limiting longstanding illness or disability	+	=	=	-	=	=	+	+	-	=	=
39. Help from social services to live at home	-	=	=	+	=	n/a	-	-	=	=	=
<b>Communities</b>											
41. Concentration of poverty	+	=	=	-	-	=	+	+	-	=	=
44. Burglaries	=	=	-	=	-	n/a	=	=	+	-	-
47. Without central heating	+	=	=	+	-	=	=	-	=	-	-
48. Overcrowding	=	+	-	=	=	-	=	=	+	=	=
49. Homelessness	+	+	-	=	=	n/a	+	=	n/a	-	-

Key: + Better than the national average; = Around average; - Worse than the national average; n/a Those where the indicator was not analysed for the region in question

the indicators, but better than average for some.

- Wales is noticeably worse than average for some indicators but better than average for others.
- The East, South East and (to a lesser extent) the South West are better than average for most of indicators.

The proportion of the population who are in low-income households is highest in London and the North East (27 per cent and 26 per cent of the population respectively) and lowest in the East and South East (both 18 per cent). These relativities have remained largely unchanged since the mid-1990s, with the fall in the proportion of people in low-income households having been largely uniform across the country. But, despite differences

between regions, in all regions - even the best off - a substantial minority of the population are in low-income households.

The variation between regions in the proportion of poor people is less than the variation in the proportion of rich people: just 13 per cent of people in Wales and the North East are in the richest fifth nationally, compared with almost 30 per cent in the South East, outer London and inner London. Inner London is by far the most deeply divided part of the country, with the highest proportions of both rich and poor people anywhere.

The extreme situation in London, especially Inner London, can also be seen in its combination of very high levels of employment growth, a relatively high proportion of people wanting paid

work and low reciprocity rates of Working Families Tax Credit (less than half that in the three northern regions of England). Finally, homelessness is much higher in London than elsewhere, with the number of households in temporary accommodation more than doubling since 1997.

Scotland is more typical of Britain as a whole than any of the English regions, having the same proportions of rich and poor as Britain as a whole. Scotland's worst outcomes are in health. The number of premature deaths in Scotland is much worse than the rest of Britain, the rate for men being 20 per cent worse than that for the worst of the English regions (the North West) and 60 per cent worse than that for the best (the East). Within Scotland, mortality rates among the under-65s are twice as high in the most deprived districts as in the least deprived. At the other end of the age spectrum, Scottish 5-year-olds have on average 2.5 missing, decayed or filled teeth compared with just 1 for children in the South East and the West Midlands. Together with the North East, Scotland also has relatively many people wanting paid work and relatively low employment growth.

The North East and Yorkshire and The Humber record a level of treatment for drug misuse four times that in the East and South East, one of the largest proportional differences anywhere. Similarly, they also have a much higher level of burglaries than anywhere else, three times the rate in Wales, although the overall national level of burglary is now almost half what it was ten years ago.

There is an interesting difference in the patterns of poor educational outcomes at ages 11 and 16 across the English regions. Among 11-year-olds, there is almost no difference in the percentage failing to reach the expected level. By 16, however, Yorkshire and The Humber, the North East and Inner London record markedly worse results than the average, whereas Outer London, South East, South West and East produce better results.

The numbers of older people helped to live at home through support from social services is much lower in Counties compared with Metropolitan Authorities, with the regional average proportion supported in the East and South East being around three-fifths of that in the North East.

Other notable variations include:

- The relatively high numbers of children from the West Midlands in young offender institutions (three times the rate in the South West).
- The relatively high rates of young adult unemployment in Wales (13 per cent compared with 7 per cent in the South East and South West).
- The very small proportion of households in the North East which lack central heating (4 per cent compared with 12 per cent in neighbouring Yorkshire and The Humber).
- The extent to which school exclusions are lower in Scotland and Wales than in England (5 and 9 per 10,000 pupils respectively compared with 14 per cent in London).

## About the project

The study draws together data from a wide range of sources, including government-funded surveys, some administrative data and some local and health authority returns. 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 2003** by Guy Palmer, Jenny North, Jane Carr and Peter Kenway, is published by the Joseph Rowntree Foundation (ISBN 1 85935 140 9, price £16.95). It is available from York Publishing Services Ltd, 64 Hallfield Road, Layerthorpe, York YO31 7ZQ, Tel: 01904 430033, Fax: 01904 430868, email: [orders@yps.ymn.co.uk](mailto:orders@yps.ymn.co.uk). Please add £2.00 p&p per order. You can also download this report free from [www.jrf.org.uk](http://www.jrf.org.uk) (ISBN 1 85935 141 7).

All the indicators and graphs can also be viewed on the [www.poverty.org.uk](http://www.poverty.org.uk) website where all the graphs are updated as and when new data becomes available.

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