Understanding Society

Case Study

Measuring Poverty

How *Understanding Society* data is helping to create new statistics on poverty in the UK

The Social Metrics Commission was founded in 2016 to create new poverty measures for the UK

The previous definition for England – people earning below 60% of median income – had been abandoned by the Government as an official measure of poverty, following a range of criticisms of the approach, including that it produced paradoxical results, such as a fall in child poverty after the 2008 financial crisis, and did not take into account causes of poverty, such as family breakdown and worklessness.

There are still various definitions and measures of income inequality and poverty, but the Department for Work and Pensions is developing experimental statistics on poverty using the Commission's measure, which is the first step towards official National Statistics. Until then, the Commission provides the information policymakers and politicians need to track their progress on reducing the incidence of poverty and improving the lives of those who do experience poverty.

Research methods

The Commission uses data from the British Household Panel Survey (1991-2009) and *Understanding Society* (2009 onwards), and from the Family Resources Survey and Households Below Average Income (both carried out for the Department for Work and Pensions). These are used to develop metrics that reflect the nature and experiences of poverty that different families in the UK have, which can be used to build a consensus around poverty measurement and action across the country.

The Commission's first report in 2018 used its data sources to create a framework for understanding poverty, which:

- identified those least able to make ends meet;
- included analysis of the depth and persistence of poverty for those who experienced it; and
- included Lived Experience Indicators to highlight the different experiences of those living in poverty and those above the poverty line.

The 'least able to make ends meet' measure takes into account not just incomes, but also material resources such as liquid assets, and inescapable costs (childcare, rent and mortgages, and the extra costs of disability, for example), as well as assessing overcrowding in housing and sleeping rough.

The Commission specifically uses *Understanding Society* to examine persistence and lived experience.

Findings

In 2020, the Commission found that overall rates of poverty had changed little in the previous 20 years. Using the latest available data, from 2018-19, the report highlighted a poverty rate of 22%, the same as in the previous year and only slightly lower than the 23% seen in 2000-01. This means that 14.4 million people in the UK are living in families in poverty – 33% of children and 22% of all working-age adults.

Poverty rates also continue to vary between regions. They are highest in London (29%) and the North East (26%), and lowest in the South West, South East, and East of England (18%) and the East Midlands (19%). Comparing UK nations, Wales is highest at 23%, and Scotland lowest at 19%.

Poverty rates have fallen for some groups – from 62% to 48% for people in lone-parent families between 2000-01 and 2018-19, for example, and from 18% to 11% for pension-age adults during the same time period. However, more people are now in deep poverty – that is, living more than 50% below the poverty line. This number has increased from 2.8m people (5% of the population) in 2000-01 to 4.5m people (7% of the population) in 2018-19. Levels of persistent poverty have largely not changed, standing at 11% of the population. This means that 7.1m people in the UK are in poverty and have been for at least two of the last three years.

> **"I want our work to improve the understanding of poverty and provide the evidence policymakers need to make the right decisions to tackle it."**

Baroness Philippa Stroud, CEO, Legatum Institute

In the 2020 report, the Commission categorises four types of poverty:

- deep and persistent
- deep but not persistent
- less than 50% below the poverty line, but persistent
- less than 50% below the poverty line, and not persistent.

These allow for an understanding of how poverty types vary. For example, 26% of single people with no children who are in poverty are in the deep and persistent category, compared to 16% of people in lone-parent families in poverty, while 42% of people in lone-parent families in poverty are less than 50% below the poverty line and in persistent poverty.

The report says this shows "the importance of not regarding the 22% of the UK population in poverty as a single homogenous group". Some families are more likely than others to experience poverty, but the type of poverty they experience can vary significantly. For some, it will be severe, but short-lived; for others, less severe, but long-lasting. For some, it will be both deep and long term.

When highlighting the lived experience of poverty, the Commission considers aspects of people's lives such as health, education and family finances. For example, the 2020 report shows that one in five (20%) people in poverty live in a family where no one has any formal qualifications, compared to less than one in ten (8%) of those in families not in poverty. Half (50%) of people in poverty live in a family that includes a disabled person, compared to 36% of people who are not in poverty.

Conclusion

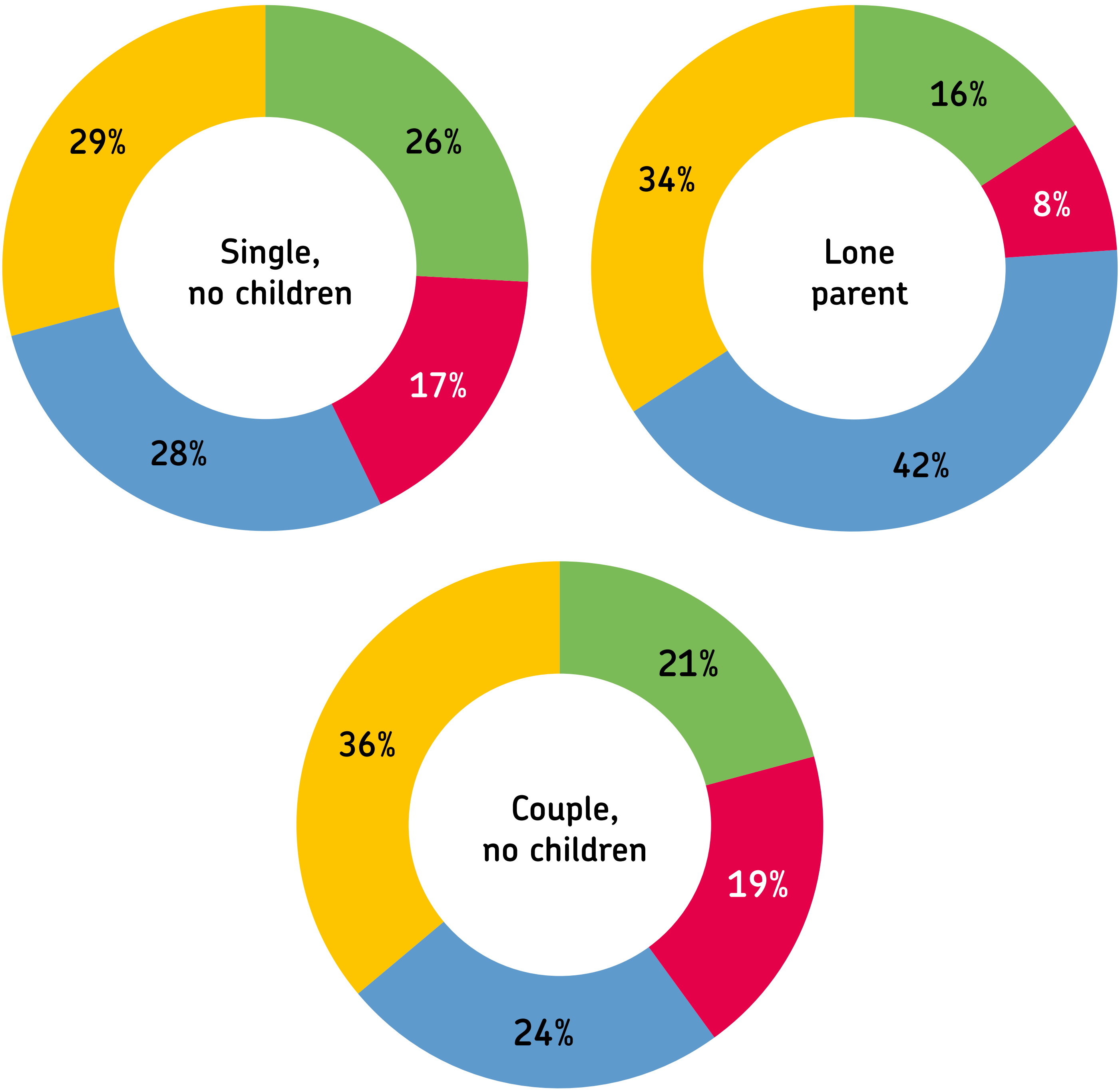
The report suggests that a sustainable approach to tackling poverty will require action on all the different types of poverty, which, given their varied causes and implications, will require different short and long-term policy responses.

When the Department for Work and Pensions announced its intention to publish experimental statistics on UK poverty based on the Commission's measure, the then Minister for Family Support, Housing and Child Maintenance Will Quince said: "The Social Metrics Commission makes a compelling case for why we should look at poverty more broadly to give a more detailed picture of who is poor, their experience of poverty and their future chances of remaining in, or entering, poverty. We look forward to exploring the merits of developing a new measure with them and other experts in this field. In the long run this could help us target support more effectively."

Type of poverty, by family type, 2017/18

Key

- Deep and persistent poverty
- Deep poverty (non-persistent)
- Less than 50% below the poverty line and in persistent poverty
- Less than 50% below the poverty line (non-persistent poverty)



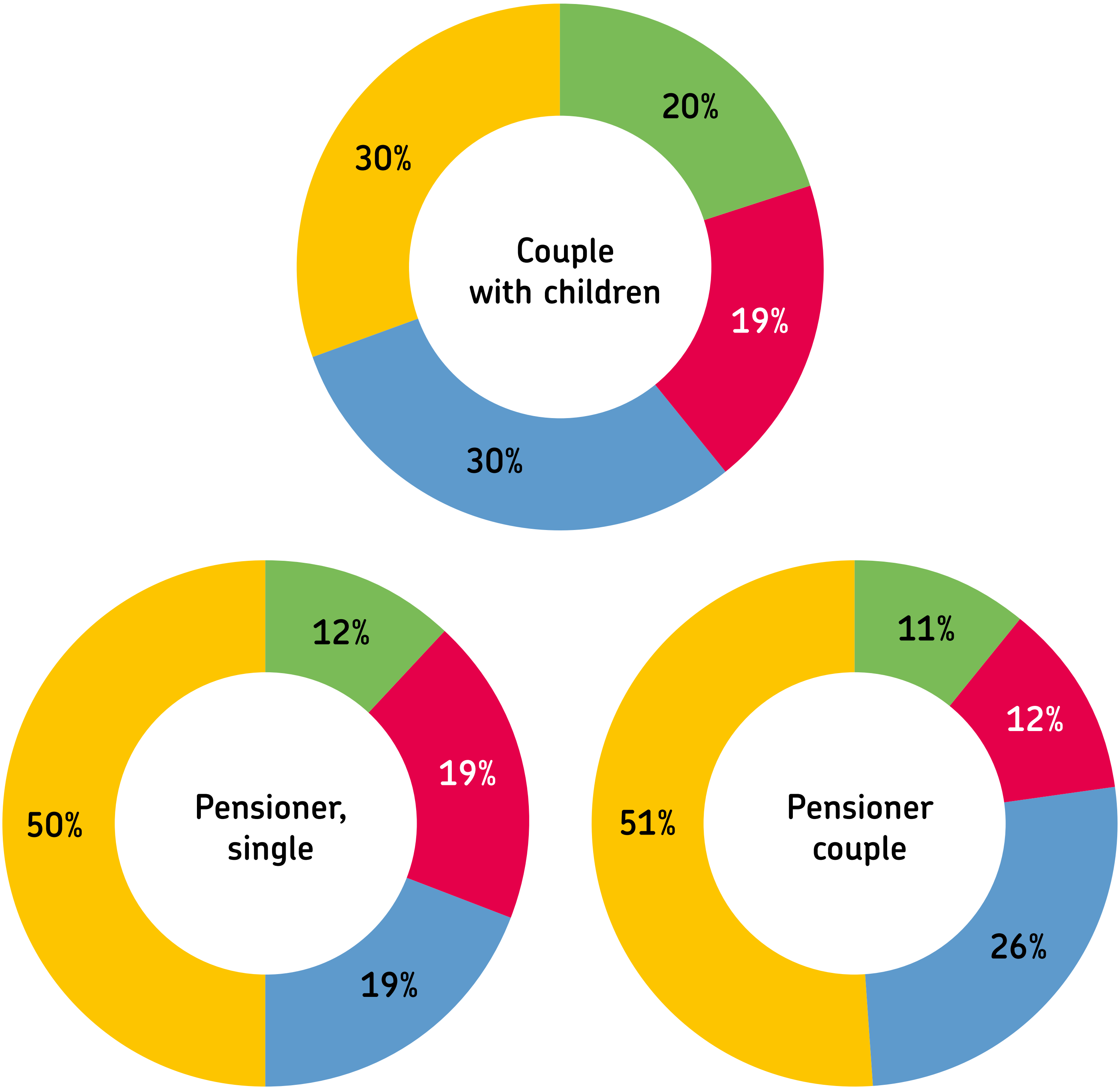


Table 1: Type of poverty, by family type, 2017/18

Type of poverty	Deep and persistent poverty	Deep poverty (non-persistent)	Less than 50% below the poverty line and in persistent poverty	Less than 50% below the poverty line (non-persistent poverty)
Single, no children	26%	17%	28%	29%
Lone parent	16%	8%	42%	34%
Couple, no children	21%	19%	24%	36%
Couple with children	20%	19%	30%	30%
Pensioner, single	12%	19%	19%	50%
Pensioner couple	11%	12%	26%	51%

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

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Understanding Society – UK Household Longitudinal Study

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This case study is part of a series aimed at potential users of Understanding Society data, including policy makers, researchers and people in a position to influence social policy. If you would like to discuss how we can help to support and raise awareness of the policy impact of your research, please email policyunit@understandingsociety.ac.uk