Poverty

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Measuring poverty

Absolute income poverty (fixed poverty line)

• poverty line currently 60% of 2010-11 median (CPI adjusted)
• e.g. £237 p/w for childless couple; £332 for couple with 2 kids

Relative income poverty (moving poverty line)

• poverty line is 60% of the contemporary median income

• Can be measured before or after housing costs (BHC or AHC)
• We are going to focus mostly on absolute AHC poverty
• ‘Persistent poverty’: in poverty for 3 of the past 4 years
• ‘Material deprivation’: can families afford certain items?
Absolute poverty: little change in recent years

Source: Figure 4.1 of *Living Standards, Inequality and Poverty in the UK: 2017*
Changes in poverty by decade
Using poverty lines of 60% of median in middle of each decade

Source: Figure 4.2 of *Living Standards, Inequality and Poverty in the UK: 2017*
The changing face of poverty
Composition of those in relative poverty since 1961

Source: Figure 4.5 of *Living Standards, Inequality and Poverty in the UK: 2017*
Poverty is concentrated by locality
Especially for working-age households

The most deprived 10% of local authorities contain:

- 1 in 5 of those in income poverty
- 1 in 4 poor children
- 1 in 8 poor pensioners

Source: Figure 4.4 of *Living Standards, Inequality and Poverty in the UK: 2017*
Does the persistence of low income matter?
Material deprivation among children in snapshot poverty

Source: Figure 4.13 of *Living Standards, Inequality and Poverty in the UK: 2017*
Low income is often temporary...

Source: Figure 4.9 of *Living Standards, Inequality and Poverty in the UK: 2017*
...but more so for some groups than others

Source: Figure 4.10 of *Living Standards, Inequality and Poverty in the UK: 2017*
...but more so for some groups than others

Source: Figure 4.10 of *Living Standards, Inequality and Poverty in the UK: 2017*
Persistent poverty: worklessness or low pay?
Absolute child poverty by household work status

Source: Figure 4.12 of Living Standards, Inequality and Poverty in the UK: 2017
Conclusions

Absolute poverty has changed little in recent years

- Reflects lack of growth in income over extended period; compares poorly to trends in previous decades
- Going forward we expect rises in absolute poverty among children as benefit cuts bite, and falls among others

Poverty concentrated in certain localities

- especially for working-age households

Low income often temporary, but more so for some than others

- Matters in part because persistent low income is likely to be worse for living standards
- Persistent low pay and persistent worklessness both significant in driving persistent poverty