

# Poverty: the facts

## How is poverty measured?

There is an ongoing debate about how to measure poverty, and for what purpose.

For a detailed examination of poverty a number of sources are used: the *Households Below Average Income* (HBAI) statistics, the Poverty and Social Exclusion Survey in Great Britain (PSE), conducted in 1999, and the 2003 Poverty and Social Exclusion Survey in Northern Ireland (PSENI).

Income poverty is examined using the HBAI statistics and adopting '60 per cent of median income' as a proxy for the poverty line. The PSE and PSENI define poverty as when people lack a number of essential items or services because they cannot afford them and, in the PSENI, have a low household income.

## How many people live in poverty?

The HBAI statistics show that in 2002/03, 12.4 million people in Great Britain (22 per cent of the population) were living in households with incomes below 60 per cent of the median after housing costs. This contrasts to the figure in 1979 when 7.1 million (13 per cent of the

population) were living in households with incomes below 60 per cent of the median after housing costs.

According to the PSE Survey in 1999 14.5 million people in Great Britain (26 per cent of the population) were living in poverty (defined as lacking two or more perceived necessities because they could not afford them).

In the PSENI Survey in 2003 29.6 per cent of households in Northern Ireland were poor (defined as lacking three or more perceived necessities because they could not afford them and having a low household income).

The income poverty line in 2002/03 (defined as 60 per cent median income after housing costs, including the self-employed)  
£ per week

	2002/03 £
Single person	94
Lone parent with child aged 3	126
Lone parent with two children (aged 3 and 8)	165
Lone parent with two children (aged 5 and 11)	175
Couple	172
Couple with one child aged 3	203
Couple with two children (aged 3 and 8)	243
Couple with two children (aged 5 and 11)	253
Couple with three children (aged 3, 8 and 11)	287

Source: Derived from Department for Work and Pensions, *Households Below Average Income, 1994/95–2002/03*, Corporate Document Services, 2004

# How many children are poor?

HBAI figures show that in 2002/03, 3.6 million children were living in income poverty (below 60 per cent of median income after housing costs) – 28 per cent of all children. This compares with 1.9 million (14 per cent) of children in 1979.

In the PSE Survey, 34 per cent of children were considered poor (lacking one or more essential items – 18 per cent lacked two or more). The PSENI Survey found that 37.4 per cent of children (aged 15 or under) were living in a poor household in 2002/03.

In 2003 around 2.2 million children relied on the basic safety net, income support. This represents 17 per cent of all children, more than double the proportion in 1979 (7.3 per cent).

# Who is living in poverty?

The HBAI figures show that people without work, families with children and large families are more likely to be poor. Children and women are also more likely to be poor than men.

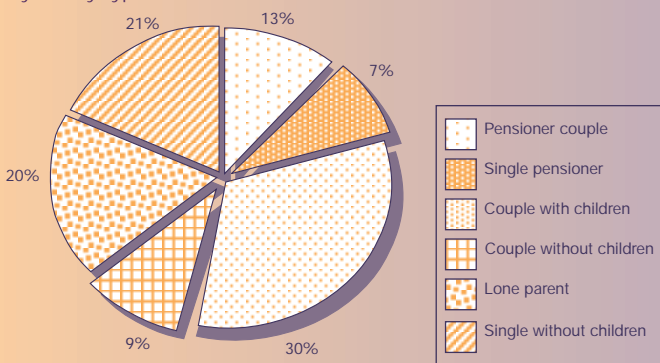
In 2002, nearly a quarter (22 per cent) of all households with dependent children were headed by a lone parent. Fifty-one per cent of lone-parent families and 20 per cent of single pensioners were poor in 2002/03 (and these were predominantly women).

Some groups of people have a greater risk of income poverty:

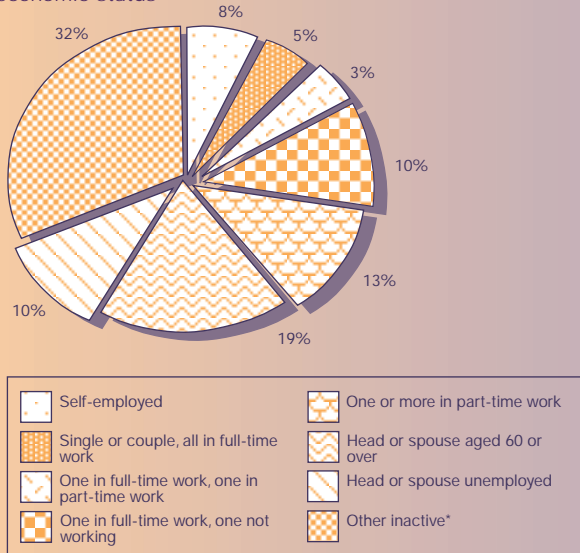
- Working-age disabled people – 29 per cent are poor.
- Some minority ethnic groups – 69 per cent of Pakistani and Bangladeshi, 46 per cent of Black non-Caribbean and 32 per cent of Black Caribbean people are poor compared with 17 per cent of White people.

The composition of people in income poverty (defined as living in households with below 60 per cent of median income after housing costs) in 2002/03

By family type



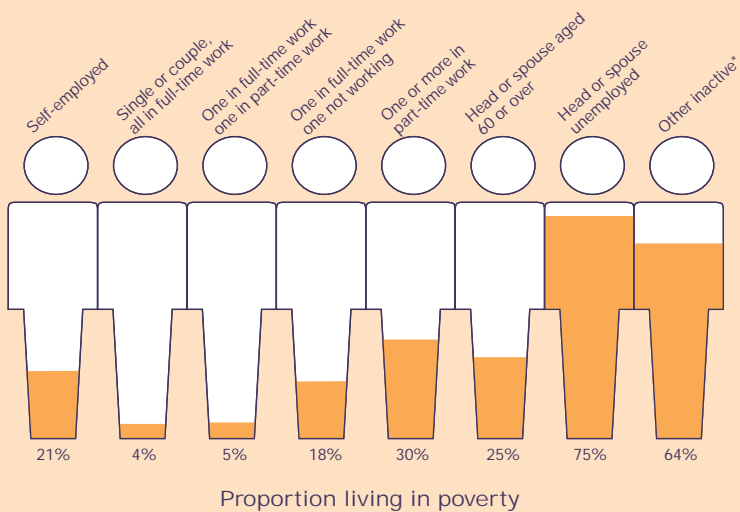
By economic status



\*Other inactive = all those not included in previous groups and not in paid work (this group includes the long-term sick, disabled people and non-working lone parents)

Source: Department for Work and Pensions, *Households Below Average Income*, 1994/95–2002/03, Corporate Document Services, 2004

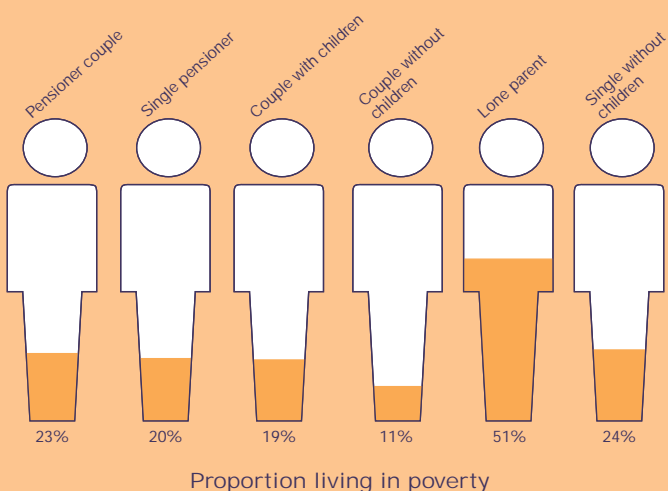
The risk of income poverty by economic status in 2002/03 (defined as living in households with below 60 per cent of median income after housing costs)



\* Other inactive = all those not included in previous groups (this group includes the long-term sick, disabled people and non-working lone parents)

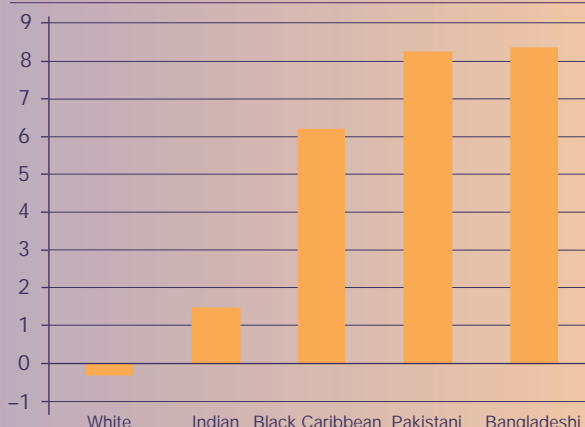
Source: Department for Work and Pensions, *Households Below Average Income* 1994/95–2002/03, Corporate Document Services, 2004

The risk of income poverty by family status in 2002/03 (defined as living in households with below 60 per cent of median income after housing costs)



Source: Department for Work and Pensions, *Households Below Average Income, 1994/95–2002/03*, Corporate Document Services, 2004

Relative deprivation by ethnic group



The deprivation index combines several indicators including: unemployment rate, children in low-income households, lacking amenities (bath/shower/toilet), lacking a car, children in unsuitable accommodation, and educational participation  
Source: Strategy Unit, *Ethnic Minorities and the Labour Movement: final report, 2003*

- Local authority and housing association tenants – around half are poor.
- Children whose parents are not working – 79 per cent are poor.

## Becoming poor

In the UK people can become poor as a result of social and economic processes, such as unemployment and changing family structures.

Changes in the labour market can influence the scale of unemployment, in turn affecting poverty. Unskilled workers are almost five times more likely to become unemployed than professional workers. Certain areas experience higher unemployment – in 2002, six London boroughs had unemployment levels that were double the UK national rate.

Unemployment among men and women from *all* minority ethnic groups is substantially higher than for White people and three times higher for people of African and Pakistani/Bangladeshi origin. Some minority ethnic groups are also more likely to live in deprived areas and suffer disadvantages connected to a poor environment.

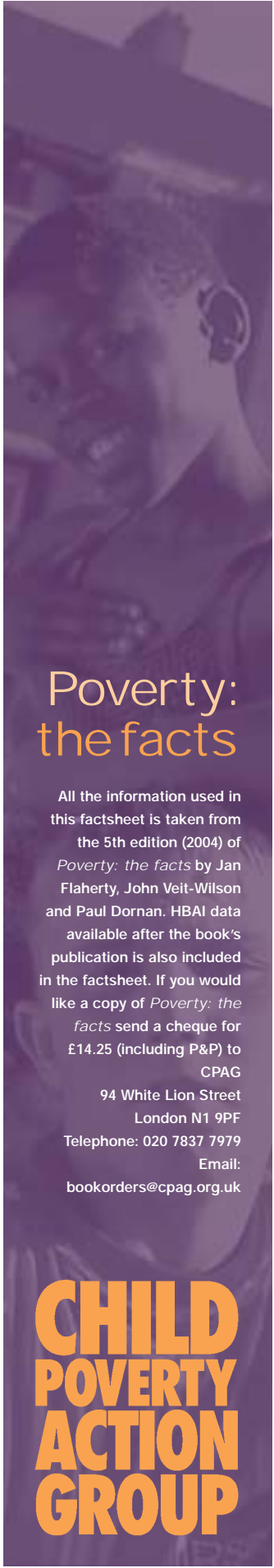
Low pay is common in some sectors, and for young people, women and employees from some minority ethnic communities. Three-quarters of those who have been low paid for two years will stay on low pay for a third year. Seventy per cent of low-paid jobs in 2001 were part time. Part-time incomes are often

insufficient to lift a family out of poverty – almost a third of households with one (or more) adults working part time and none full time are in the bottom fifth of incomes. In 2002/03, nearly half of those children in income poverty lived in a household in which at least one adult worked.

On separation or divorce, mothers with children often experience a drop in income. Time spent caring for children and a lack of work skills and experience can affect their ability to take on paid work – the employment rate for lone parents in Great Britain was 53 per cent in 2003, compared with over 70 per cent for mothers in couple families.

The risk of income poverty for single pensioners (20 per cent) has reduced recently and is currently less than the risk for couple pensioners (23 per cent). However, single female pensioners have a higher risk of income poverty (21 per cent) than single male pensioners (17 per cent).

Disabled people are also at risk of poverty because of extra disability-related costs and low incomes. In 2002/03, 52 per cent of working-age adults with a disabled child were in the bottom two-fifths of the income distribution. Many unpaid carers give up work to provide assistance to an elderly or disabled person and so are also on low incomes, often bearing some of the financial costs of disability.



## Poverty: the facts

All the information used in this factsheet is taken from the 5th edition (2004) of *Poverty: the facts* by Jan Flaherty, John Veit-Wilson and Paul Dornan. HBAI data available after the book's publication is also included in the factsheet. If you would like a copy of *Poverty: the facts* send a cheque for £14.25 (including P&P) to CPAG  
94 White Lion Street  
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**CHILD  
POVERTY  
ACTION  
GROUP**

Joanne O'Brien / Photofusion

## The effects of poverty

Poverty is not simply about being on a low income and going without – it is also to do with being denied good health, education, good housing and social activities, as well as basic self-esteem.

One survey found that 1 in 20 mothers sometimes went without food to meet the needs of their children. The diets of those on a low income are often nutritionally poor, relying on 'cheap calories' from processed low-cost food.

According to the PSE Survey, one in five people were excluded from three or more social activities. The PSENI Survey also found that 12 per cent of households in 2002/03 could not participate in one social activity because of lack of money.

People on low incomes often experience debt. A third of households with incomes of less than £9,000 a year have problems with debt. Costs of debt repayments often result in families going without essential items. Other costs of debt are those incurred on health, relationships and quality of life.

Poverty has an effect throughout the life cycle, from an increased risk of sickness and ill health in childhood to a higher incidence of chronic diseases in adult life. Children are twice as likely to die within their first year if their parents are from unskilled manual rather than professional classes. In Scotland, mortality rates in the 10 per cent most deprived areas are double those of the least deprived 50 per cent.

## The geography of poverty

Living standards are not evenly spread across the country, or within each city, town or village; the UK ranks second only to Mexico in the industrialised world in terms of its degree of regional inequality.

London contains extremes of poverty and wealth – 35 per cent of the Inner London population were in income poverty in 2002/03,

compared with 23 per cent in Outer London. A fifth of rural households are in income poverty and people who live in rural areas may be more likely to experience low pay.

There are also differences within each region and country of the UK. For example, in 2003 the North East had a higher proportion of households without work (22 per cent) than the South East (11 per cent). Of the countries in the UK, Northern Ireland had the greatest number of children eligible for free school meals (a proxy measure of poverty). In 2000/01 Wales had the highest percentage of children living in workless households (19.5 per cent) in the UK.

Figures for 1999 show that 15 per cent of the European Union population – 56 million people – were at risk of income poverty (incomes below 60 per cent of median income in each country).

Over a third of all children in developing countries – 674 million children – are living in absolute poverty, with the highest rates in sub-Saharan Africa (207 million children). Around 23 per cent of the global population currently lives in extreme poverty.

## The haves and the have-nots

The share of total income received by those in the top and bottom tenths of the income distribution reflects a pattern of rising inequality in Great Britain. Between 1994/95 and 2001/02, the richest tenth gained 2 per cent more of the total income (29 per cent) while the poorest tenth's share remained unaltered at 2 per cent.

In 2001/02 the original income of the top fifth of households was 18 times more than that of the bottom fifth. Taxes and social security benefits reduce income inequalities but the income of the wealthiest fifth of households remained four times greater than that of the lowest income households.

Wealth is even more unequally distributed than income. By 2001 the wealthiest 1 per cent of the UK population owned almost a quarter – 23 per cent – of the UK's marketable wealth and the wealthiest half owned almost all the wealth – 95 per cent. ■