

Poverty: the facts

What is poverty?

There is an ongoing debate about what 'poverty' means and how to measure it. Peter Townsend offers perhaps the most authoritative definition and emphasises the relative nature of poverty:

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities, and have the living conditions and amenities which are customary, or are at least widely encouraged and approved, in the societies in which they belong.¹

How is poverty measured?

There are many ways to measure poverty – either **directly** by people's income or material circumstances (including material deprivation, where people lack essential items because they cannot afford them), or **indirectly** using proxies such as benefit or tax credit receipt and socio-economic classification.

The most commonly used survey data comes from the *Households Below Average Income* series,² which provides an analysis of patterns of low income or 'income' poverty. This survey establishes a poverty line, below which individuals are categorised as income poor. The **poverty line** is defined as 60 per cent of the median household

The poverty line in 2005/06
(UK, after housing costs)

	Poverty line (£ per week)
Couple	186
Single person	108
Couple with two children (aged 5 and 14)	301
Lone parent with two children (aged 5 and 14)	223

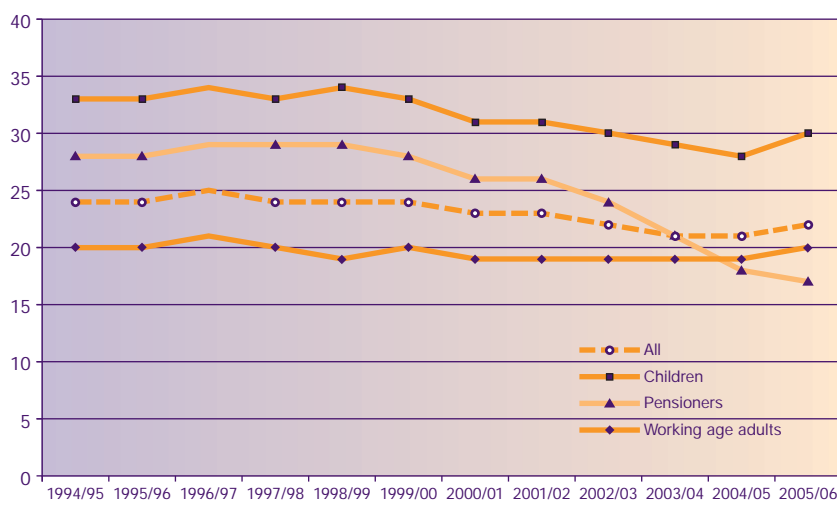
income, adjusted for household composition. It is possible to present data before and after housing costs have been accounted for; the Government prefers before housing costs, because comparable international data exists to allow comparison. CPAG uses after housing costs, because it gives a better indication of disposable income. This definition is used unless stated throughout this summary.

How many people live in poverty?

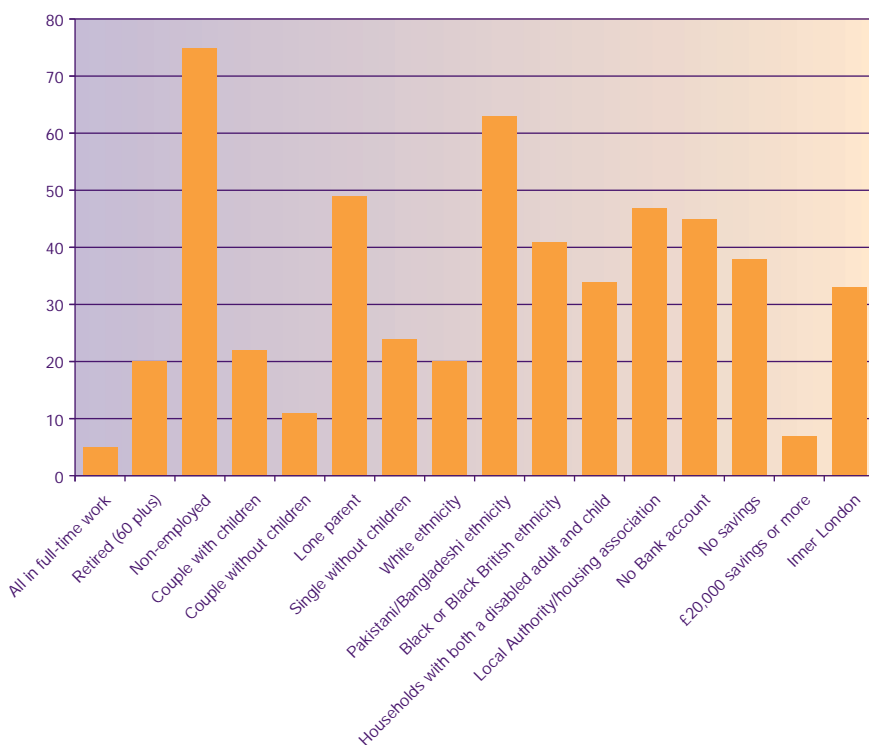
- In 2005/06, 12.7 million people in the UK (22 per cent) were income poor, living in households with below 60 per cent of the median income after housing costs. Though in recent years this has been falling, in 2005/06 it rose. In 1979, 15 per cent were in this position.

- In 1999, the *Poverty and Social Exclusion in Britain* survey showed that 14.5 million people in Great Britain (26 per cent) were living in poverty (defined as lacking two or more 'socially perceived necessities' because they could not afford them). A related survey showed that in 2003, 29.6 per cent of households in Northern Ireland were poor (lacking three or more 'socially perceived necessities' because they could not afford them and having a low household income).³
- In 2004, the Families and Children Study found that 8 per cent of lone-parent families and 2 per cent of couple families could not afford to eat vegetables most days (the same numbers were also found for fruit and cakes/biscuits most days). Twenty-one per cent of lone-parent families and 6 per cent of couple families reported that they could not afford new clothes when these were needed.⁴

Risk of income poverty, 2005/06



Risk of income poverty by household characteristics, 2005/06



What causes poverty?

The primary cause of poverty is inadequate income, arising primarily from worklessness, and inadequate wages and benefits. Although it has fallen by 0.1 per cent over the past year, overall employment is high (74.4 per cent) and unemployment relatively low (5.5 per cent) though this is up 0.4% on the previous year.⁵ The risk of not being in work, however, varies across groups and is higher for those with low skills, from certain minority ethnic groups (especially Pakistani and Bangladeshi people), and for those living in low employment areas. Other barriers to work include caring responsibilities and discrimination.

Paid work is not, on its own, a guarantee of being free of poverty. Low wages, part-time work and not having two adults in work in a couple household all increase the risk of experiencing poverty. In 2005/06, 57 per cent of income-poor children were in households where one or more parent was in work. Safety-net benefits and tax credits are also often inadequate to protect families with children from poverty, and their value often remains significantly *below* the poverty line.

Who lives in poverty?

Some groups of people have a much greater than average risk of experiencing income poverty.

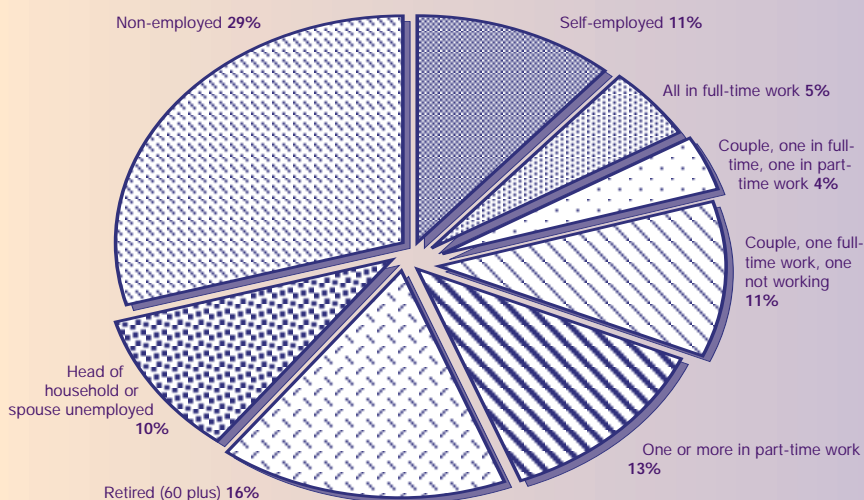
- **Unemployment.** Seventy-five per cent of people in households where the adults are unemployed are income poor. When all adults in a household are in full-time paid work, only 5 per cent are income poor.
- **Ethnicity.** Twenty per cent of White people are income poor, compared with 63 per cent of Pakistani and Bangladeshi people, and 41 per cent of Black or Black British people.
- **Household structure.** Forty-nine per cent of people in lone-parent households are income poor, compared with 24 per cent of single people without children. Twenty-two per cent of people in couple households with children are income poor, compared with 11 per cent where there are no children. Sixteen per cent of couple pensioners are income poor. Of those pensioners who are single, 16 per cent of men and 20 per cent of women are income poor.

What is the impact of poverty?

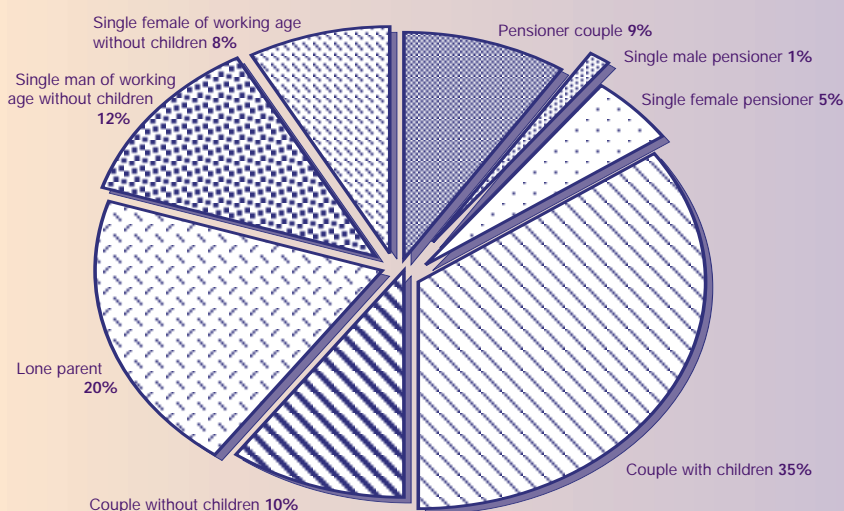
On average, poverty makes people's lives shorter and more brutal than they need be. Poverty is not simply about being on a low income and going without – it is also about being denied good health, education and housing, basic self-esteem and the ability to participate in social activities. It has costs to the individual as well as to society, and by constraining educational attainment it reduces the skills available to employers and impedes economic growth.

- **Educational outcomes.** Using receipt of free school meals as a proxy for poverty, in England in 2006 60.7 per cent of children not entitled to free school meals obtained five or more GCSEs at grades A*–C, more than double the 32.7 per cent of children who were entitled to free school meals.⁶

Make up of the poor population by economic status, 2005/06



Make up of the poor population by household status, 2005/06



- **Health.** Poverty is associated with a higher risk of both illness and premature mortality. Using social class as a proxy, life expectancy for people in social class V (manual workers) is seven years shorter on average than that for those in social class I. Children in social class V are five times more likely to die in an accident and 15 times more likely to die in a fire than children in social class I.⁷
- **Participation.** The last *Households Below Average Income* series survey asked parents about whether their children had



Poverty: the facts

For a comprehensive overview of poverty in the UK, see *Poverty: the facts*, published by CPAG. The 5th edition (2004) is available at £14.99, including P&P.

A new 6th edition is planned for late 2007.

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Joanne O'Brien / Photofusion

access to a range of items and activities, the report identifies that 7 per cent of children do not have access to leisure equipment (such as a bike), 6 per cent don't have a hobby, 11 per cent can't go swimming, 8 per cent don't have friends round for tea and 6 per cent can't go on a school trip – all because their parents cannot afford it.

What are the solutions?

'Poverty' is not a neutral term – it implies an unacceptable state about which something must be done. CPAG recommends the following policy changes to reduce child poverty.⁸

- Provide most for those children at greatest risk of poverty.
- Work towards better jobs, not just more jobs.
- Ensure the safety net protects families against poverty.
- Maximise the contribution of child benefit within family support.
- Introduce free at the point of delivery, good quality childcare.
- Make the reduction of child poverty central to the new child support policies.
- Make education truly free at the point of delivery.
- Provide benefit entitlement to all UK residents equally, irrespective of immigration status.
- Reduce the disproportionate burden of taxation on poorer families.
- Improve the quality of delivery and gear it to the needs of the poorest families. ■

Measurement changes

In the latest edition of the *Households Below Average Income* series report several methodological changes have been made which affect the measurement of poverty; for more information visit www.cpag.org.uk/measure

Further sources of information

- J Flaherty, J Veit-Wilson and P Dornan, *Poverty: the facts*, CPAG, 2004 (2007 edition forthcoming).
- R Lister, *Poverty*, Polity Press, 2004
- CPAG's website @ www.cpag.org.uk. Visit the Information and Resources section for briefings and statistics.
- The New Policy Institute's Monitoring Poverty and Social Exclusion website @ www.poverty.org.uk
- The Joseph Rowntree Foundation website @ <http://www.jrf.org.uk/child-poverty/>
- The Campaign to End Child Poverty, of which CPAG is a member www.endchildpoverty.org.uk/

1 P Townsend, *Poverty in the United Kingdom: a survey of household resources and standards of living*, Penguin, 1979, p31

2 Unless otherwise specified, figures quoted here are derived from Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution from 1994/95–2005/06*, Corporate Document Services, 2007

3 D Gordon and others, *Poverty and Social Exclusion in Britain*, Joseph Rowntree Foundation, 2000; P Hillyard and others, *Bare Necessities: poverty and social exclusion in Northern Ireland*, Democratic Dialogue, 2003

4 N Lyons, M Barnes and D Sweiry, *Families with Children in Britain: findings from the 2004 Families and Children Study (FACS)*, Department for Work and Pensions Research Report 340, Corporate Document Services, 2006

5 National Statistics, *Labour Market Statistics 2007*, 2007, www.statistics.gov.uk

6 Department for Education and Skills, *National Curriculum Assessment, GCSE and Equivalent Attainment and Post-16 Attainment by Pupil Characteristics, in England, 2005/06*, November 2006 at www.dfes.gov.uk, table 8

7 Department of Health, *Tackling Health Inequalities: 2002 Cross-Cutting Review* at www.dh.gov.uk/assetRoot/04/06/80/03/04068003.pdf

8 See CPAG's submission to the spending review. F McGlone with P Dornan, *Comprehensive spending review 2007: what it needs to deliver on child poverty*, CPAG, December 2006