

Poverty

Robert Joyce

Measuring poverty

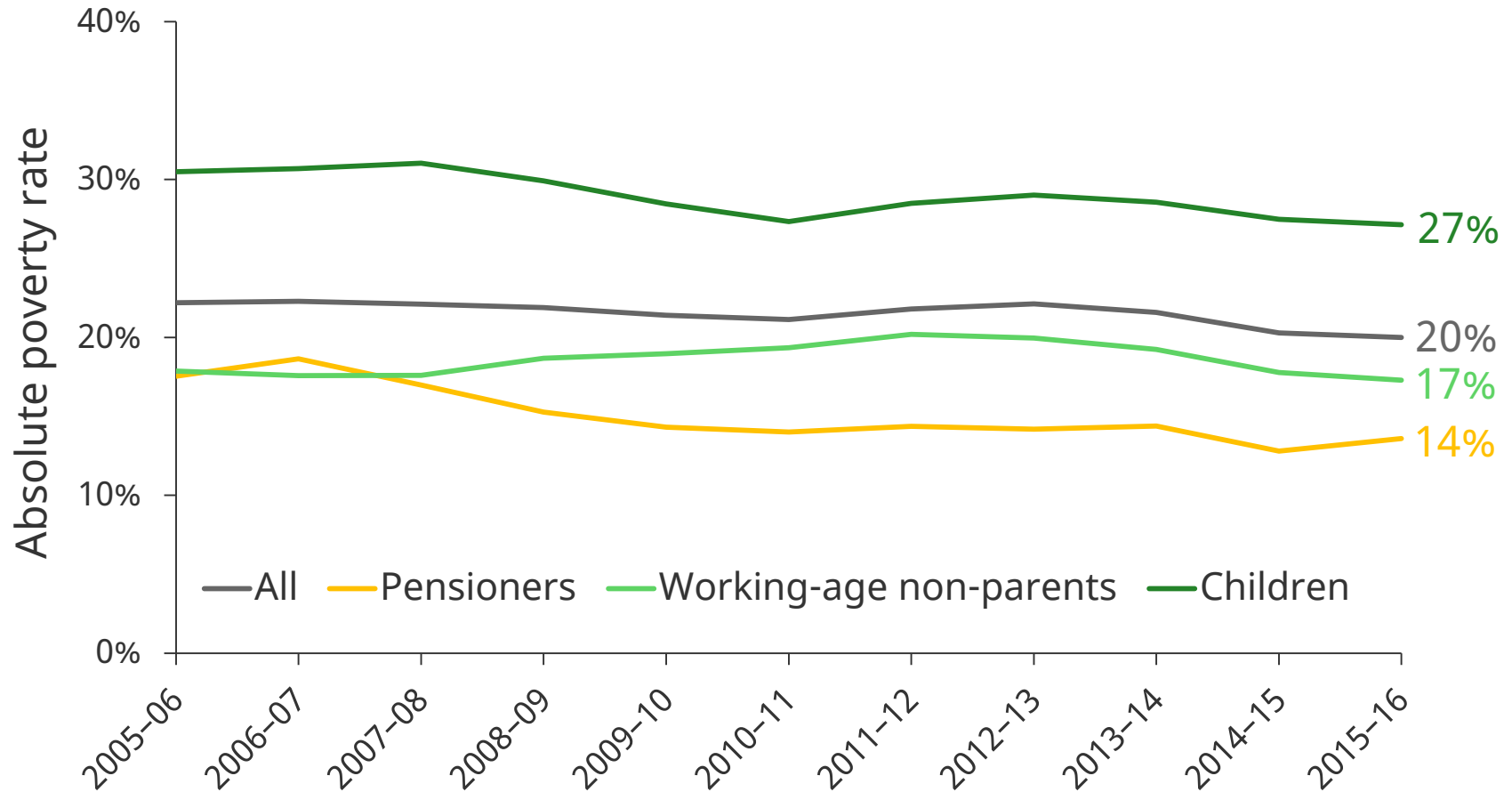
Absolute income poverty (fixed poverty line)

- 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?

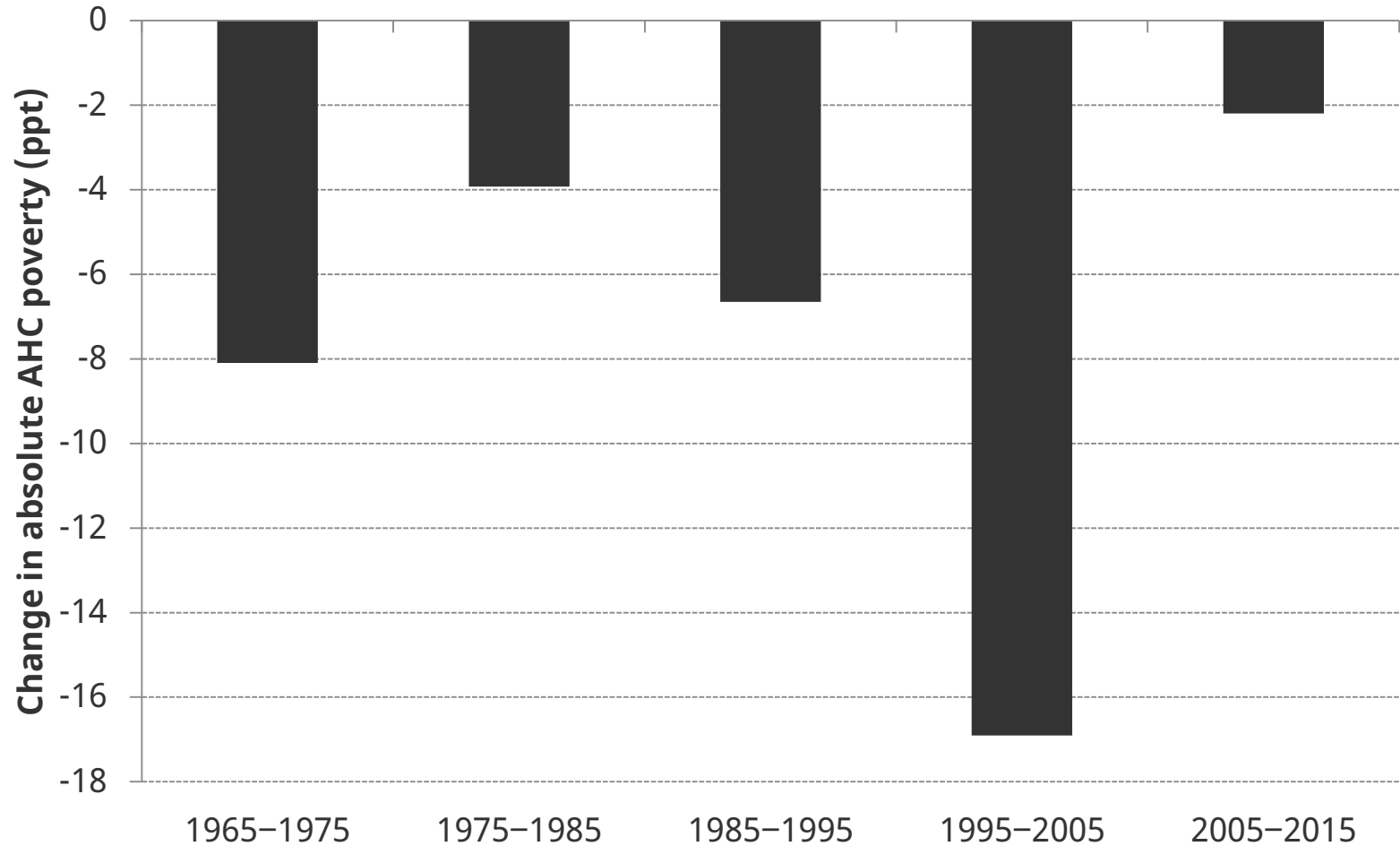
Absolute poverty: little change in recent years



Source: Figure 4.1 of *Living Standards, Inequality and Poverty in the UK: 2017*

Changes in poverty by decade

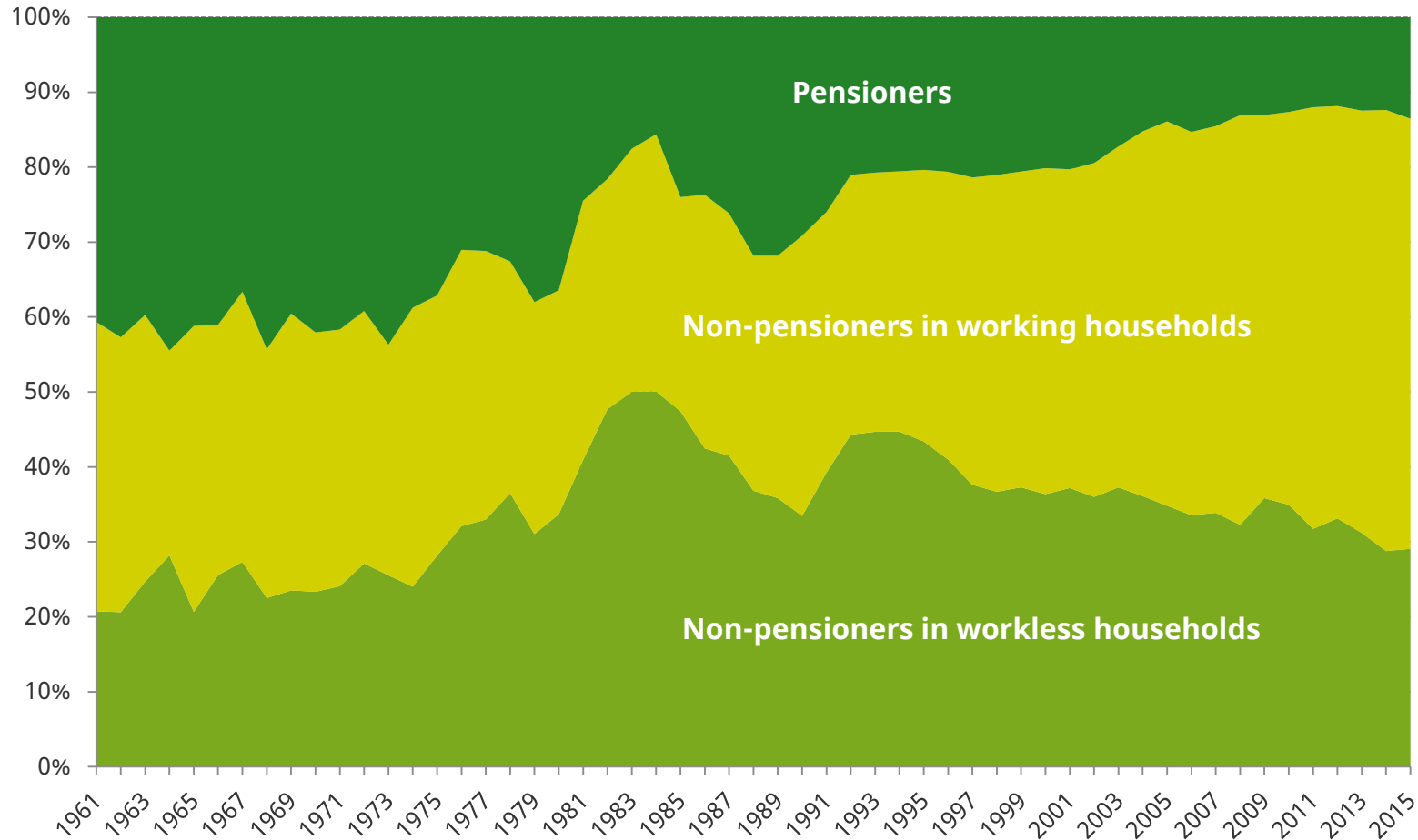
Using poverty lines of 60% of median in middle of each decade



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



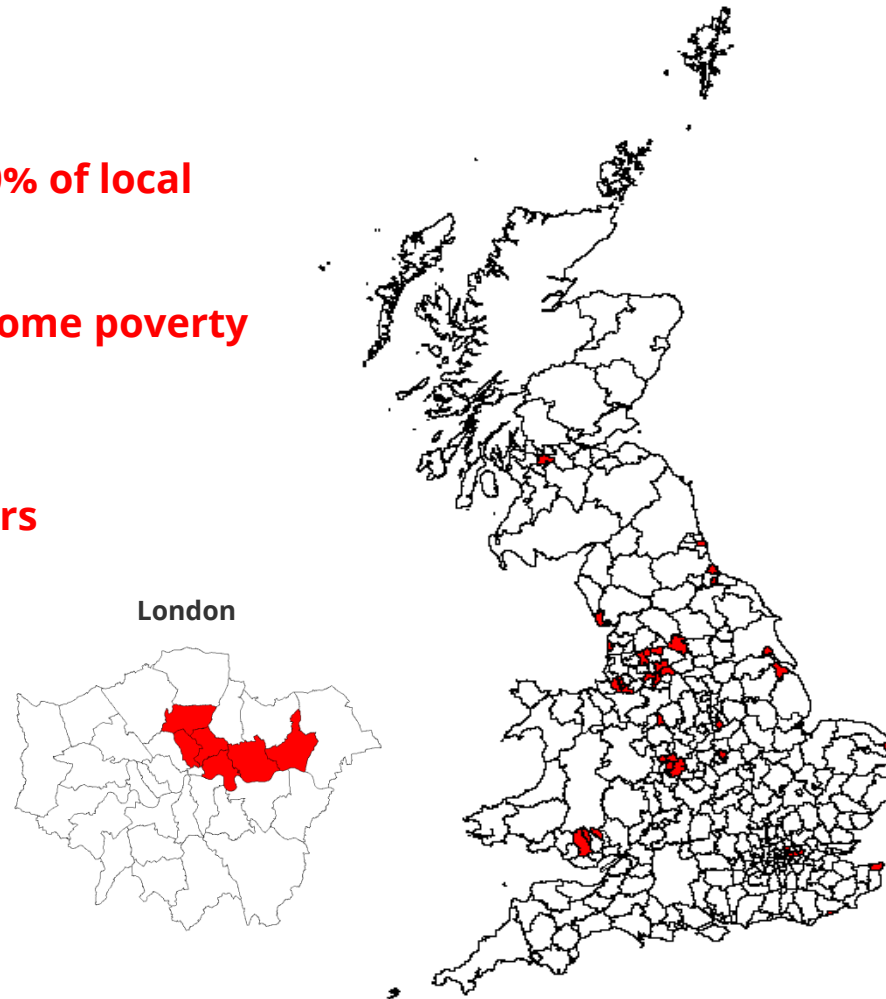
Source: Figure 4.5 of *Living Standards, Inequality and Poverty in the UK: 2017*

Poverty is concentrated by locality

Especially for working-age households

The most deprived 10% of local authorities contain:

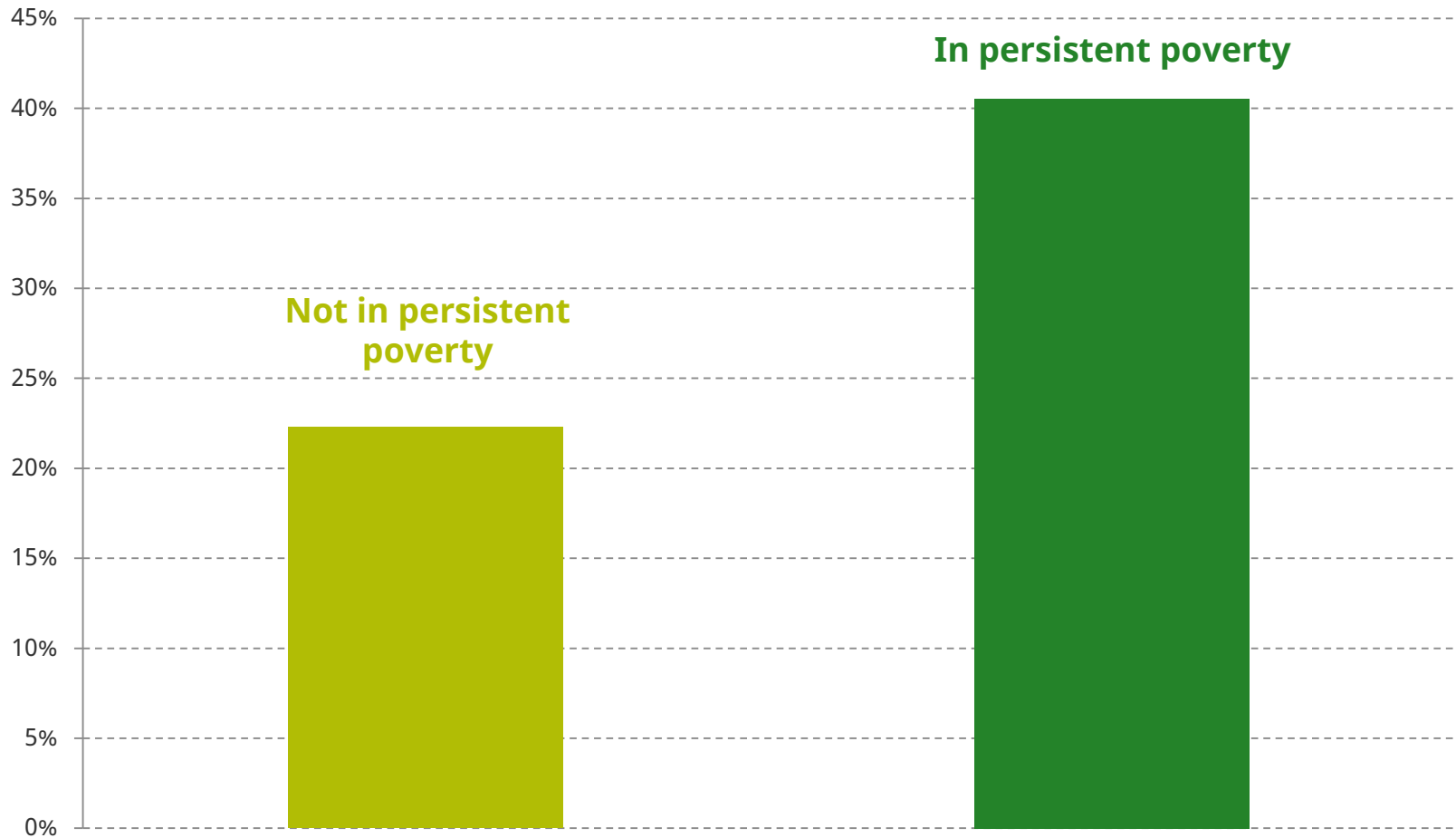
- **1 in 5 of those in income poverty**
- **1 in 4 poor children**
- **1 in 8 poor pensioners**



Source: Figure 4.4 of *Living Standards, Inequality and Poverty in the UK: 2017*

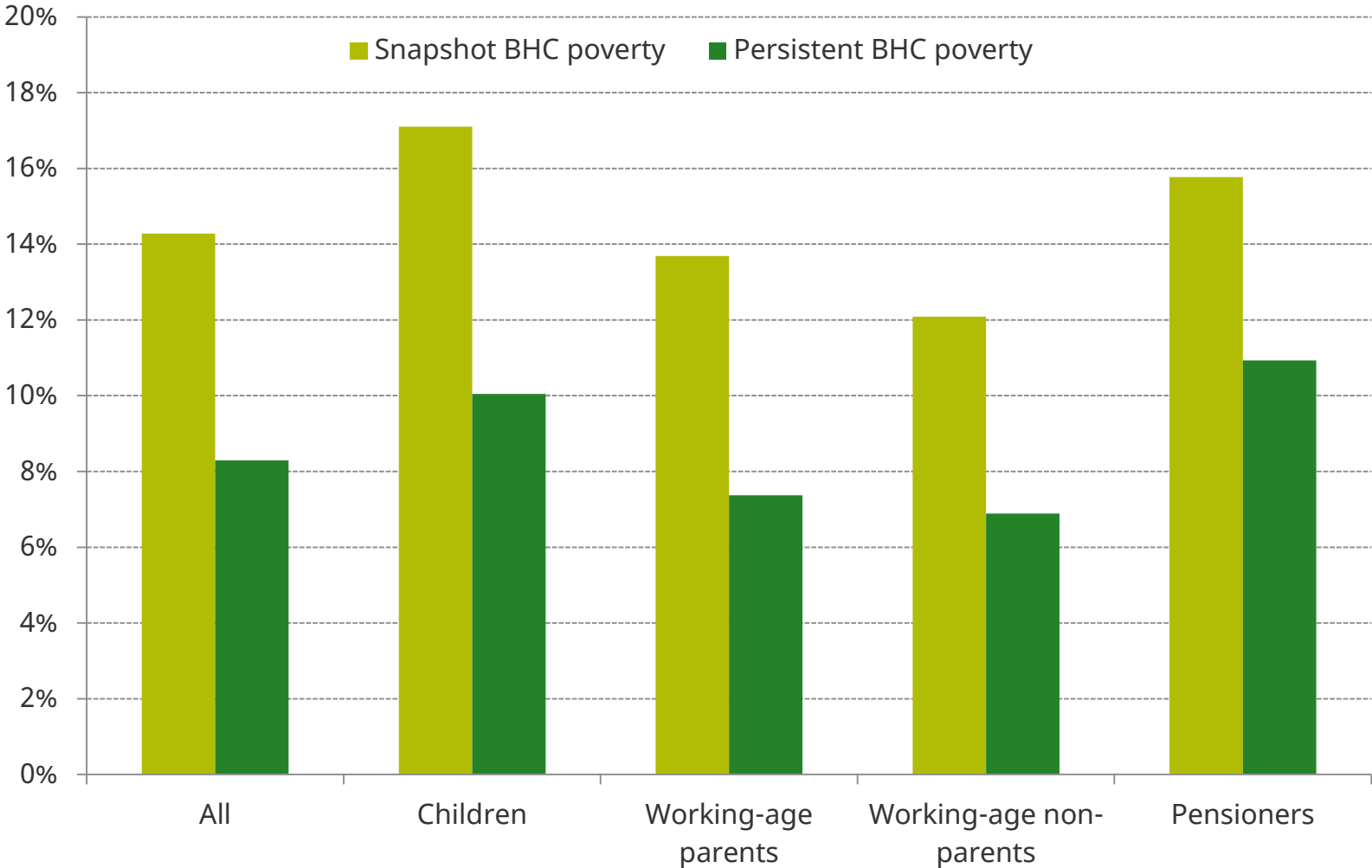
Does the persistence of low income matter?

Material deprivation among children in snapshot poverty



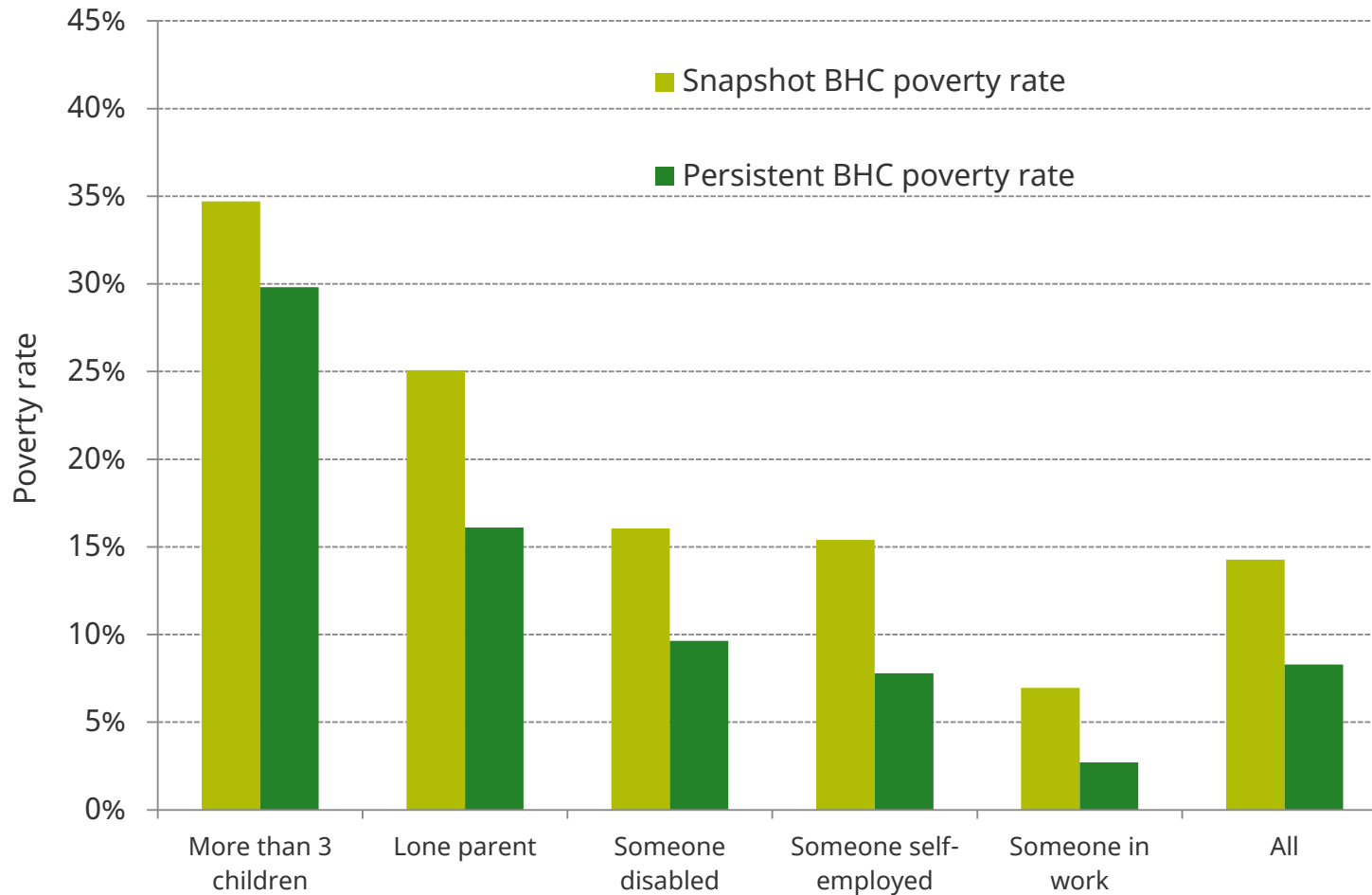
Source: Figure 4.13 of *Living Standards, Inequality and Poverty in the UK: 2017*

Low income is often temporary...



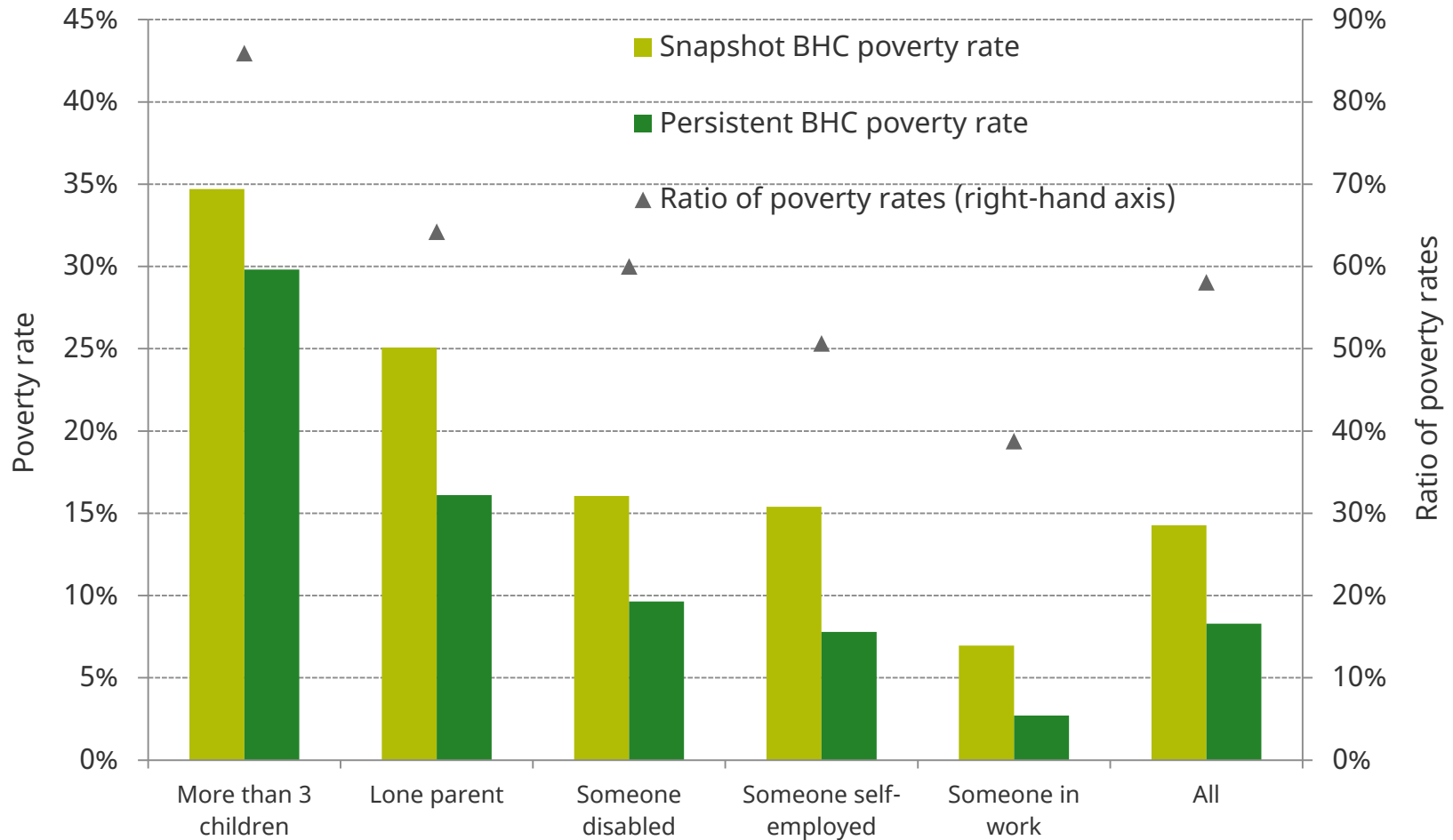
Source: Figure 4.9 of *Living Standards, Inequality and Poverty in the UK: 2017*

...but more so for some groups than others



Source: Figure 4.10 of *Living Standards, Inequality and Poverty in the UK: 2017*

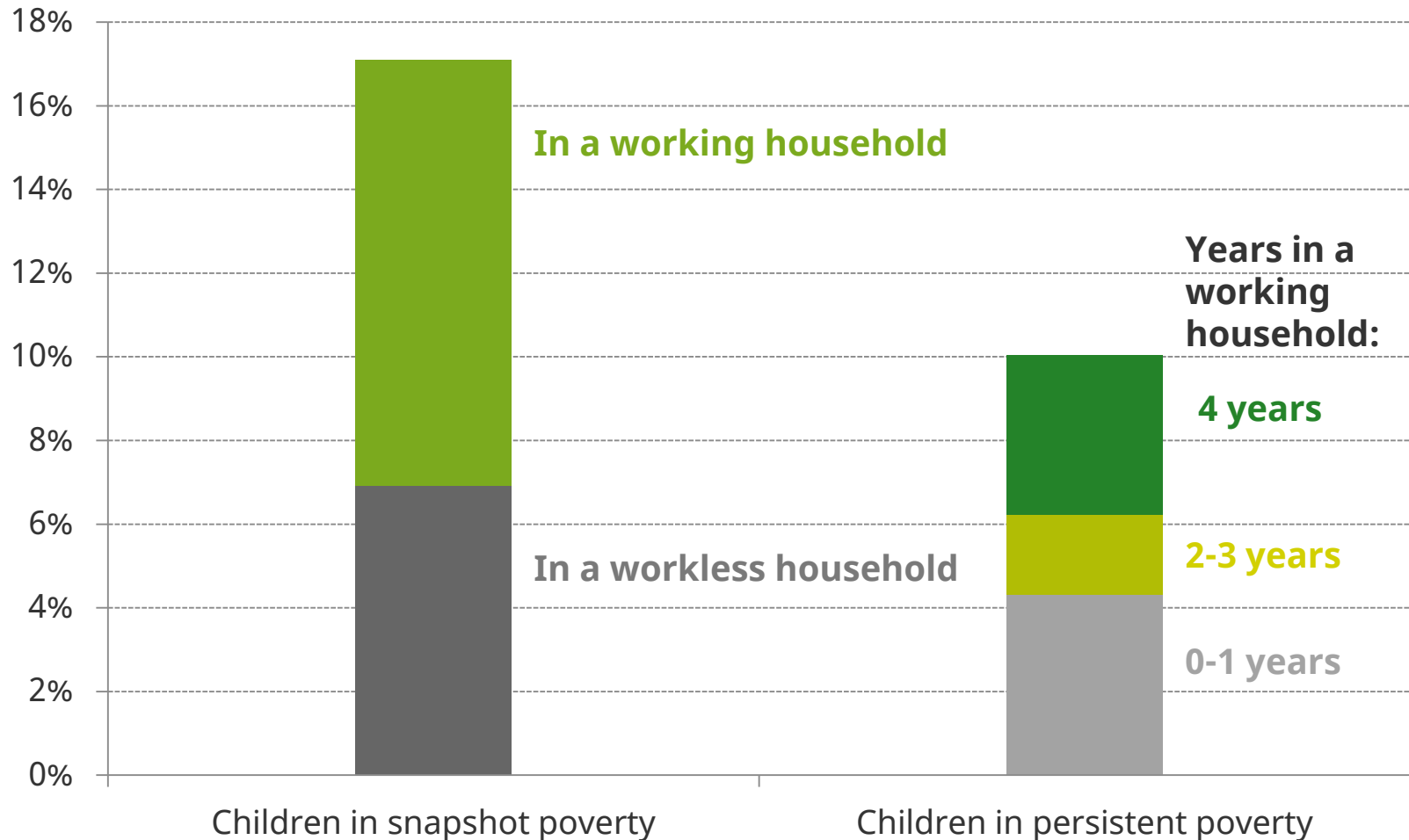
...but more so for some groups than others



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