

## Monitoring poverty and social exclusion 2001

The New Policy Institute has produced its fourth annual report of indicators of poverty and social exclusion. The data is the most comprehensive and up-to-date available, with the latest year being 2000 or 2001 depending on data availability.

- f** For the first time, the number of indicators which improved over the latest year clearly exceeds the number which got worse.
- f** One of the preferred indicators of the extent of income poverty used by both the European Union and the UK Government is the number of people living in households with less than 60 per cent of median income. The number of people living in households below 60 per cent of median income was 13.3 million in 1999/00, compared with 13.4 million in 1998/99. Numbers have remained unchanged throughout the 1990s, after doubling during the 1980s. Children continue to be disproportionately represented in low income households.
- f** There are continuing improvements in education, as fewer children fail to achieve basic educational standards. But substantial numbers still fail to obtain any qualifications at all.
- f** Housing is continuing to improve, with levels of overcrowding, lack of central heating and extent of mortgage arrears all much lower than a decade ago. The one exception is the number of people living in temporary accommodation, which is rising sharply.
- f** The picture in health is mixed. While accidental deaths of children, suicides amongst young adults and under-age pregnancies are falling, other health indicators remain unchanged, with persistent inequalities between social classes. The situation in Scotland is a cause for particular concern, especially with regard to suicide and premature mortality.
- f** Fewer older pensioners are getting any help from social services. However, the proportion of pensioners without a telephone continues to fall.
- f** Whilst the total number of burglaries has been falling, households without insurance are much more likely to be burgled, and such people are predominantly on low incomes.
- f** Around two-thirds of heads of household in social housing do not have paid work, compared with one-third in other tenures. Three-quarters are on weekly incomes of less than £200, compared with one-quarter in other tenures.

## Summary of the poverty and social exclusion indicators

Indicator	Trend	
	Over the medium term	Over latest year
<b>Income</b>		
1 Gap between low and median income	Steady	Steady
2 Individuals with low income (below 50% of average income)	Steady	Steady
3 Intensity of low income (below 40% of average income)	Steady	Steady
4 In receipt of means-tested benefits or tax credits (working-age only)	Improved	Improved
5 Long-term recipients of benefits (all ages)	Improved	Steady
6 Periods of low income (at least 2 years in 3 on a low income)	Steady	Steady
7 The location of low income	N/A	N/A
<b>Children</b>		
8 Living in workless households	Improved	Improved
9 Living in low income households (below 60% of median income)	Steady	Improved
10 Low birth-weight babies (%)	Worsened	Worsened
11 Accidental deaths	Improved	Improved
12 Low attainment at school: pupils gaining no GCSE above grade D	Improved	Improved
13 Permanently excluded from school	Improved	Improved
14 Children whose parents divorce	Improved	Improved
15 Births to girls conceiving under age 16	Improved	Improved
16 In young offenders institutions (age 10 to 16)	Worsened	Worsened
<b>Young adults</b>		
17 Unemployed (age 16 to 24)	Improved	Improved
18 On low rates of pay (age 16 to 21)	Steady	Steady
19 Not in education, training or work (age 16 to 18)	Steady	Worsened
20 Problem drug use (age 16 to 24)	Worsened	Steady
21 Suicide (age 15 to 24)	Improved	Improved
22 Without a basic qualification (age 19)	Improved	Improved
23 With a criminal record (age 18 to 20)	Steady	Improved
<b>Adults (age 25 to retirement)</b>		
24 Individuals wanting paid work	Improved	Improved
25 Households without work for two years or more	Steady	Steady
26 On low rates of pay	Improved	Steady
27 Insecure at work	Steady	Steady
28 Without access to training	Steady	Steady
29 Premature death	Steady	Improved
30 Obesity	Worsened	Steady
31 Limiting long-standing illness or disability	Steady	Improved
32 Mental health	Steady	Worsened
<b>Older people</b>		
33 No private income	Steady	Improved
34 Spending on 'essentials'	Steady	Improved
35 Excess winter deaths	Worsened	Worsened
36 Limiting long-standing illness or disability	Steady	Improved
37 Anxiety (feeling unsafe out at night)	Steady	Steady
38 Help from social services to live at home (%)	Worsened	Worsened
39 Without a telephone	Improved	Improved
<b>Communities</b>		
40 Non-participation in civic organisations	Steady	Worsened
41 Polarisation of work (%)	Steady	Steady
42 Spending on travel	Improved	Improved
43 Lacking a bank or building society account	Steady	Steady
44 Burglary	Improved	Improved
45 Without household insurance	Improved	Steady
46 Dissatisfaction with local area (%)	Steady	Steady
47 Without central heating	Improved	Improved
48 Overcrowding	Improved	Improved
49 Households in temporary accommodation	Worsened	Worsened
50 Mortgage arrears	Improved	Improved

## Background

The report is the fourth in an annual series, *Monitoring poverty and social exclusion*, with the indicators updated for an extra year's data. Most of the data is either 2001 or late 2000, the main exception being the data on income distribution for which the latest statistics are 1999/2000.

Whilst income is the focus of many of the indicators, they also cover a wide range of other subjects including health, education, work, and community. As in previous years, the indicators are grouped into six chapters, an initial chapter on income, four central chapters dividing the population by age (children, young adults, adults and older people), and a final chapter on communities. The findings are set out here in the same order.

## The indicators

The following is a summary of the findings in the report.

### Income

One of the preferred indicators of the extent of income poverty used by both the European Union and the UK Government is the number of people living in households with less than 60 per cent of median income. According to the latest official statistics – for the year April 1999 to March 2000, released in July 2001 – there were 13.3 million people below this threshold, compared with 13.4 million in 1998/99.

The number of people on low incomes has remained largely unchanged since the early 1990s, after doubling during the 1980s (see Figure 1). Although inequalities did not decrease during the 1990s, the real income of the poorest did increase slightly by about 1 per cent per annum (£1.50 per week).

The lack of change in the most recent year is disappointing, but perhaps not surprising. Although the Government now has a number of major policy initiatives in place for tackling income poverty, the working families tax credit was only just being introduced, the minimum income guarantee was not at a level which would move pensioners above the threshold, and many of those on the national minimum wage could still have remained below the threshold.

More than half of all lone parents lived on incomes below the '60 per cent of median income' threshold in 1999/2000. London had the highest proportion of poor people of any region in England, but also had the second highest proportion of rich people.

At 20 per cent of average earnings, levels of income support in the UK are at an historic low, down from 30 per cent in the early 1980s.

### Children

Children continue to be more likely than adults to live in low income households.

The Government claims that 1.2 million children were lifted out of poverty by the end of the last parliament (using the 'below 60 per cent of median income' measure). Given that numbers of children in households below 60 per cent of median income fell by 300,000 between 1996/97 and 1999/00, a net reduction of 1.2 million will only have been achieved if there were further falls of 900,000 in 2000/01. This will not be known until the official 2000/01 figures are published in July 2002.

The health indicators provide a mixed picture. While the number of accidental deaths of children has halved over the last decade (see Figure 2) and the number of births to girls conceiving before their 16th birthday has fallen by a fifth since its peak in 1996, the proportion of babies who are of low birth-weight has not changed over the last five years and rates of teenage conception in Britain remain much higher than elsewhere in Western Europe.

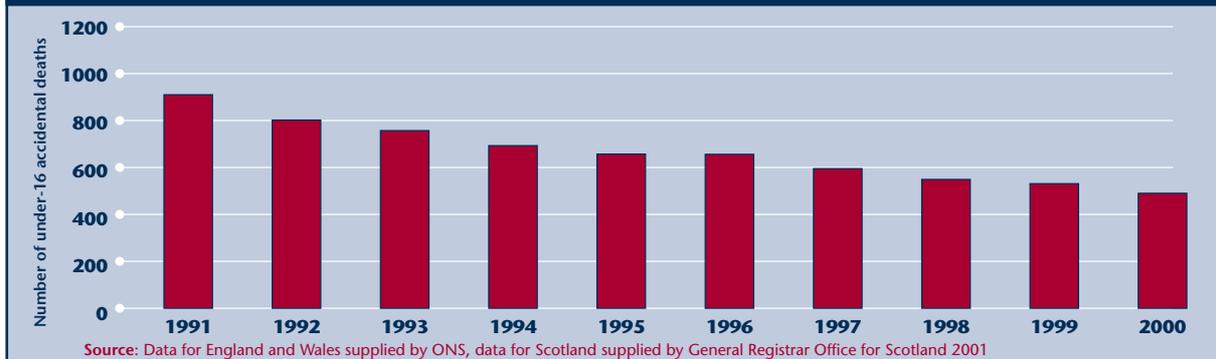
The proportion of 15-year-olds with no GCSEs above grade D fell by one-sixth during the 1990s and the proportion of 11-year-olds failing to achieve level 4 or above at key stage 2 in English and maths has fallen by a third since 1996. School exclusions also continue to fall sharply from their peak in 1996/97. But serious problems still remain: 150,000 pupils each year still fail to obtain any GCSEs above grade D and exclusion is still over four times as common for Black Caribbean pupils as for white pupils.

Finally, the number of children aged 10 to 16 in young offender institutions and secure units continues to rise, and is now more than 50 per cent higher than a decade ago.

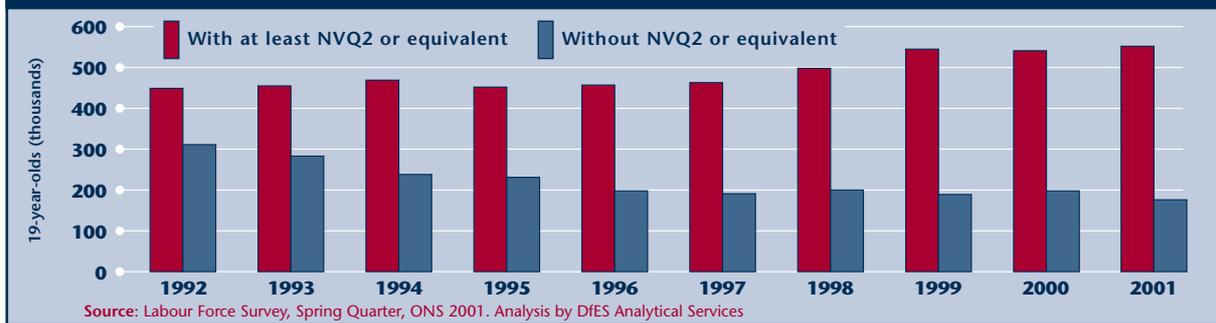
Figure 1: The numbers on low incomes remained stable throughout the 1990s after increasing substantially during the 1980s



**Figure 2: Accidental deaths amongst the under-16s have almost halved during the last decade**



**Figure 3: The number of 19-year-olds without a basic qualification has remained similar throughout the second half of the 1990s, although this represents a decreasing proportion of the total population of 19-year-olds**



### Young adults

The number of young adults who are unemployed (measured by the ILO definition) continues to fall and now stands at around 1/2 million, down from 1 million in 1993. However, at 10 per cent, the unemployment rate amongst those aged 18 to 24 is still more than twice that for older workers, and this gap has widened somewhat in recent years.

Unfortunately, official data on the prevalence of low pay is no longer available for the 16 to 24 age group. Data about 18- to 21-year-olds suggests that, since the introduction of the minimum wage, the number paid less than £3.00 per hour fell from 120,000 in 1998 to 50,000 in 2000. In contrast, the number earning below half male median earnings – a higher threshold but still a low rate of pay – remained unchanged.

The number of suicides amongst young adults in England and Wales has been declining since 1997. However, there have been no such decreases in Scotland where suicide rates are three times higher than in England and Wales. Around 30,000 young adults start treatment for problem drug use each year, double the levels of the early 1990s.

Around a quarter of 19-year-olds currently lack a basic qualification (NVQ2 or equivalent), down from a third in 1995. Around one in twelve have no qualifications at all, unchanged since 1995 (see Figure 3).

### Adults

Three and a half million adults would like to have paid work but do not, down from 5 million in 1993. This fall is slower than that in the official unemployment statistics (which halved over the same period) because of a rise in the numbers of 'economically inactive' people (see Figure 4). There has been no fall in the number of long-term workless households, which currently stands at 2 million, compared with 1 1/2 million in 1993.

Within these overall totals, there are significant differences between groups. People from a minority ethnic background are around twice as likely not to be in work as the white population. Almost half of lone parents did not have paid work in 2001, compared with one in twenty couples with children.

Since its introduction in April 1999, the number earning below the national minimum wage has dropped sharply, from 1 1/2 million in 1998 to 1/4 million in 2000. But around 1 1/2 million employees aged 22 and over were still being paid less than half male median earnings (around £4.00 per hour) in 2000, compared with 2 million in 1998. Because substantial numbers of people are now paid at the minimum wage or just above, the precise level at which it is set is clearly crucial.

After rising in the first half of the 1990s, the level of insecure employment has now stabilised, in terms of both the number of people on temporary contracts

and the number making repeat claims for jobseeker's allowance. But, amongst those in work, those without qualifications are still three times less likely to receive work-related training as those with qualifications.

Having risen for much of the last decade, the geographic concentration of premature deaths fell for the first time in 2000. Within Great Britain, Scotland has by far the highest proportion of such deaths.

Other health indicators – obesity, limiting long-standing illness or disability, and being at risk of mental illness – have not changed significantly over the last ten years. They continue to illustrate significant inequalities: unskilled manual workers are 1½ times as likely to have a long-standing illness or

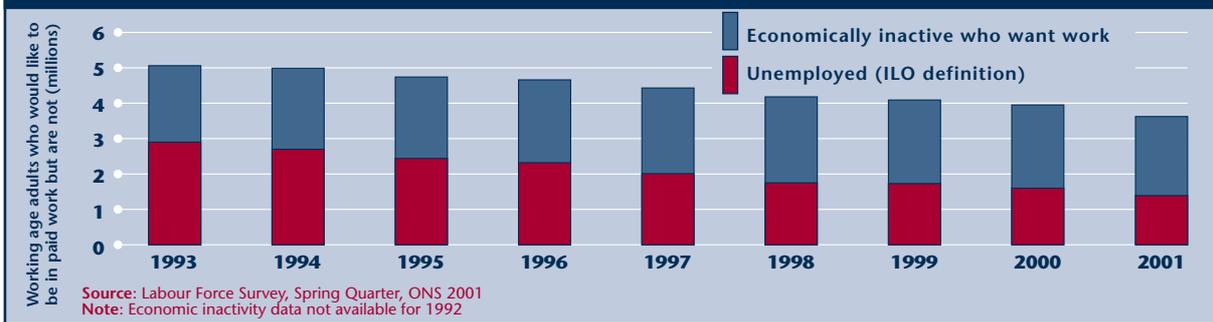
disability as those from the professional classes, and the poorest two-fifths of the population are 1½ times as likely to be at risk of developing a mental illness as the richest two-fifths.

**Older people**

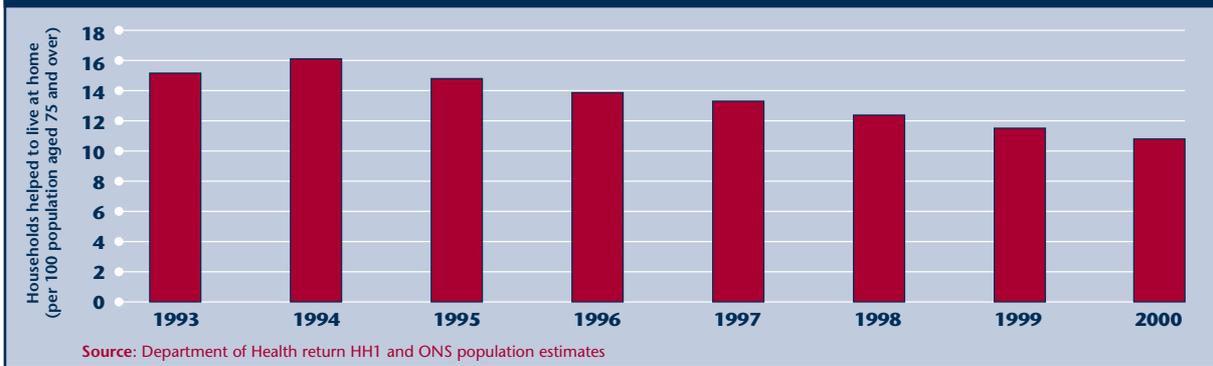
Apart from the core subject of income levels, there is a lack of clarity about what poverty and social exclusion means for older people.

Around 1¼ million pensioners are totally reliant on the state retirement pension and state benefits. Their spending on essentials increased by an average of 15 per cent in real terms between 1995/96 and 1999/00, compared with an increase of 10 per cent among better-off pensioners

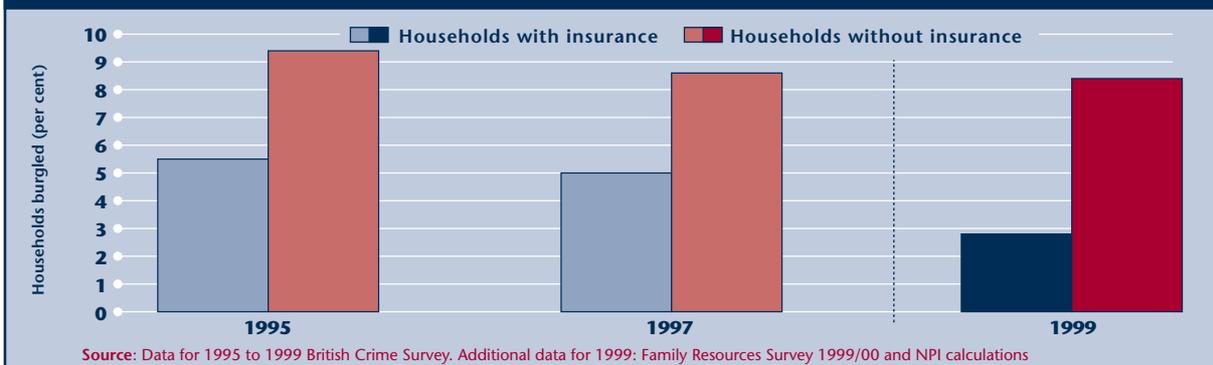
**Figure 4: The overall number of people who would like paid work continues to fall. But, whereas the numbers officially unemployed have halved since 1993, the numbers who are 'economically inactive but would like work' have remained unchanged**



**Figure 5: The proportion of elderly households helped to live at home by social services has been falling since 1994**



**Figure 6: Households with no insurance cover are much more likely to be burgled than those with insurance**



Fewer older pensioners are getting any help from social services to live at home, down by a third since its peak in 1994 (see Figure 5). County councils and unitary authorities support far fewer pensioners than English urban or Welsh authorities. In contrast, the proportion of pensioner households without a telephone continues to fall, and is now a quarter of the levels of a decade ago. Finally, the poorest are around twice as likely to live in badly insulated housing as the best off pensioners.

### Communities

Most of our housing indicators continue to improve: the number of low income households without central heating has reduced by a third since 1994/95; the level of overcrowding has almost halved in the last decade; and the number of mortgage holders in serious arrears is now at its lowest level for a decade. In contrast, the number of households in temporary accommodation continues to rise sharply and, at 80,000, has nearly doubled since 1997.

Throughout the 1990s, around two-thirds of heads of households in social housing did not have paid work, compared with one-third in other tenures. Three-quarters are on weekly incomes of less than £200 compared with one quarter of residents in other tenures.

One in six of the poorest households do not have any type of bank or building society account, compared with one in twenty households on average incomes. These figures have not changed over the last five years.

While the number of burglaries is now at its lowest level for a decade, households with no household insurance are around three times as likely to be burgled as those with insurance. The impact is particularly serious for those on low incomes because more than half do not have any household insurance – compared with a fifth for households on average income – and, by definition, such people are less able to replace stolen goods themselves (see Figure 6). Reflecting these differences, people in low income households are twice as likely to report that their quality of life is significantly affected by fear of crime than the average and almost twice as likely to feel very dissatisfied with the area in which they live.

### About the study

The study has utilised data from a wide range of sources, including government-funded surveys, some administrative data and some local authority and health authority returns. The work has only been possible due to the co-operation of civil servants (particularly statisticians) across government.

## How to get further information

The full report, **Monitoring Poverty and Social Exclusion 2001** by Mohibur Rahman, Guy Palmer and Peter Kenway, is published by the Joseph Rowntree Foundation (ISBN 1 85935 069 0, price £16.95). It is available from York Publishing Services Ltd, 64 Hallfield Road, Layerthorpe, York YO31 7ZQ, Tel: 01904 430033, Fax: 01904 430868, email: [orders@yps.ymn.co.uk](mailto:orders@yps.ymn.co.uk). Please add £2.00 p&p per order.

The following *Findings* look at related issues:

- **Monitoring poverty and social exclusion 1998**, Dec 98 (Ref: D48)
- **Monitoring poverty and social exclusion 1999**, Dec 99 (Ref: D29)
- **Poverty and social exclusion in Britain**, Sep 00 (Ref: 930)
- **Monitoring poverty and social exclusion 2000**, Dec 00 (Ref: D20)
- **Tackling financial exclusion in disadvantaged areas**, Jun 01 (Ref: 621)
- **The impact of trade unions on jobs and pay**, Jun 01 (Ref: 681)
- **Work and family life in rural communities**, Sep 01 (Ref: 971)
- **Retailing, sustainability and neighbourhood regeneration**, Oct 01 (Ref: O41)
- **The impact of housing conditions on excess winter deaths**, Nov 01 (Ref: N11)
- **Employment support for young people with multiple disadvantages**, Nov 01 (Ref: N21)
- **The Employment Tax Credit and the future of in-work support**, Nov 01 (Ref: N31)

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