

MEASURING POVERTY BEFORE THE COVID-19 PANDEMIC

A report of the Social Metrics Commission

Chaired by **Philippa Stroud**, CEO of the Legatum Institute

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ABOUT THE SOCIAL METRICS COMMISSION

The Social Metrics Commission was formed in 2016 and is led by the Legatum Institute's CEO, Baroness Stroud. It is an independent and rigorously non-partisan organisation dedicated to helping policymakers and the public understand and take action to tackle poverty. Since its inception, its ultimate goal has been to develop new poverty metrics for the UK which have both long-term political support and effectively identify those who are in poverty. By doing so, it is hoped that Government and others will be better able to develop interventions that reduce the number of people experiencing poverty and improve outcomes for those people who do experience it.

The Commission would like to thank both the Legatum Institute for hosting the Commission and making available the resources of its Centre for Metrics, and the Legatum Foundation for their significant support of this work. This report would not have been possible without that support, and the research, editorial and functional independence that has underpinned the Commission's work.

SUPPORTERS OF THE COMMISSION

The Social Metrics Commission would like to thank the following organisations and people for their generous support for the work of developing new poverty metrics for the UK.

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- Joseph Rowntree Foundation;
- Calouste Gulbenkian Foundation (UK Branch);
- Garfield Weston Foundation;
- Oliver Wyman;
- Jon Moulton; and
- Stuart Roden.

ACKNOWLEDGMENTS

Thanks also go to the Commissioners for their continued support and to Jessica van Wijgerden, Edward McPherson and Matthew Oakley, who have played a central part in creating this year's report.

ABOUT THE LEGATUM INSTITUTE

As CEO of the Legatum Institute, Baroness Stroud is proud to Chair the Social Metrics Commission and for the Legatum Institute to host the Commission and contribute to the vital work that has been undertaken. The Legatum Institute is a London-based think-tank with a bold vision to create a global movement of people committed to creating the pathways from poverty to prosperity and the transformation of society.

We seek to fulfil our mission by raising up leaders of character, restoring an ethical vitality to all sectors of society, and developing the practical solutions and data tools that will help build inclusive and peaceful societies with open economies and empowered people.

Learn more about the Legatum Institute at www.li.com

CONTACTING US AND CONTRIBUTING

We welcome discussion on the issues raised in this report and would appreciate constructive feedback and comment on our approach. To contact the Commission's secretariat, please use the following email address:

secretariat@socialmetricscommission.org.uk

Website: socialmetricscommission.org.uk

Twitter: @SocMetricsComm



CONTENTS

Foreword	2
About the commission's 2021 report	4
Executive summary	5
Key messages	7
Introduction	10
Section one: Summary of the commission's poverty measurement framework	14
Section two: Poverty prior to the pandemic	23
Section three: Understanding the nature of poverty prior to the pandemic	44
Section four: Detailed factsheets on poverty by age, age group, disability status and for men and women	65
Annexes	106

FOREWORD



When the Social Metrics Commission launched its third report last year, the country was some six months into the most significant health, social and economic crisis of modern times. Back then, we hoped that the worst was behind us, and that the social and economic restrictions that had so badly impacted our living standards and economy were coming to an end. Just over a year after that publication, as a country we are only beginning to adapt to living with Covid-19, with tighter restrictions being introduced both here and around the world.

The social and economic impacts have been, and remain, profound. Numerous reports have demonstrated the immediate impacts on health, work and living standards for families today, alongside the longer-term impacts on children's education and the health problems from delayed treatment which stand to have impacts for years to come. Whilst we will need to wait many years for the full impacts to play out, recent "nowcasts" from the Legatum Institute show the immediate impacts on poverty.

The context for these nowcasts of poverty is provided by results in this report that show that in the year immediately prior to the pandemic, poverty in the UK had been falling. More people in work and higher average earnings, alongside falling housing costs had meant that 400,000 fewer people were in poverty and 200,000 fewer in very deep poverty in 2019/20 than the year before.

Financial distress, worklessness and mental and physical ill-health amongst families in poverty were also falling. But the picture was not all positive. The results show that poverty rates remained stubbornly high for many groups, including Black and Asian families and disabled people and poverty rates for children in larger families continued to rise. Poverty rates among pension-age adults were also rising and a higher proportion of those in poverty were experiencing persistent poverty. People in poverty were also significantly more likely to live alone, have no formal qualifications or be experiencing poor mental health.

Unsurprisingly, from this baseline, the results from the Legatum Institute work suggest that the economic fallout from Covid-19 significantly increased poverty; in Q2 2021, 900,000 more people were in poverty than the headline estimates from 2019/20 published in this report. Legatum's work also shows the important role that Government has played in tackling poverty through the pandemic. In fact, the results suggest that increases to Universal Credit and Working Tax Credit protected more than 800,000 people from poverty. Poverty would also have been higher were it not for the significant support that was provided through the Government's support for the labour market and businesses.

Looking to the future, the reports suggests that, driven by significant strengthening of the labour market, poverty could return to around the level seen in 2019/20 by Q2 2022. If this were the case, it would be a significant success and would mean that the reductions in poverty seen prior to the pandemic have not been lost over the past 18 months. However, Government could have gone further. Whilst announcements made at the 2021 Autumn Budget (including a reduction in the "taper rate" in Universal Credit and increases in work allowance) will have a positive impact on the financial situation of those families that work, they left others behind. These include families with significant caring responsibilities or a health condition or disability that makes them less able to work. Providing equivalent support to these families could reduce poverty to significantly below the level seen in 2019/20.

When I launched the Commission more than five years ago, this is exactly the kind of insight that I wanted our work to produce. In doing so, I hoped that we could help to provide the evidence that policymakers need to make the right decisions to tackle poverty. Perhaps most importantly, I wanted the Commission to develop a measure that could form the basis of a new consensus on poverty measurement in the UK. Only with that consensus would we be able to move on from a decade of damaging debate that has distracted focus away from the vital action needed to drive better outcomes for the most disadvantaged in society.

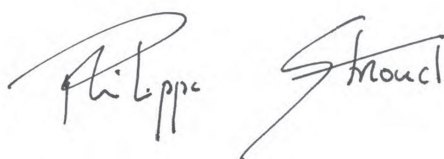
Before the coronavirus pandemic began, with the announcement of the Department for Work and Pensions' intentions to create experimental national statistics based on the Commission's approach, we were close to delivering that goal. Whilst it was right that this work was paused during the pandemic, the results in this report and the policy insights they provide demonstrate the clear need to restart it. The development of these experimental statistics is also supported by the Work and Pensions Select Committee and Office for Statistics Regulation.

There has rarely been a more important time to focus on these issues and to have a widely agreed measure of poverty to drive policy responses that can support the country's recovery from Covid-19. With this in mind, I see creating a new official measure of poverty for the UK as an immediate priority to support the Government's ambitions on levelling up the country.

As a team, we stand ready to support that work. But this is not just an immediate need. Poverty in the UK has been too high for too long, so in the years ahead, it is essential to have a measure that allows all of us to take the action needed to ensure that as many people as possible can enjoy a life free of poverty. Without this, a large part of society risks being left further behind without the support that they need to improve their lives.

Ultimately, this is how I will judge the success of the Commission's work. My goal as Chair of the Commission is still to provide the evidence base needed to create a society with the enabling environment, support, and opportunities that people need to be able to succeed in their journey out of poverty. We all have a role to play and the results in this report, and action of the Government in the last year, provide encouragement that poverty can be reduced and that a robust measure can guide the action needed to improve the lives of those currently experiencing poverty or who, without action, would otherwise be in poverty in future.

However, the results also show how far we have to go and the huge challenges ahead. Those with the power to do so must remove the obstacles that trap people in poverty, whilst ensuring that individuals have the tools they need to build their own pathway out of poverty. That is why the response to the findings in this report must be a partnership between those in poverty, and business leaders, policymakers, community builders, and everyone across the UK. Together, we can ensure that poverty is less of an issue in the UK after the coronavirus pandemic than it was before.



Baroness Philippa Stroud
CEO of the Legatum Institute

ABOUT THE COMMISSION'S 2021 REPORT

This report uses the most recent data available to provide a comprehensive account of poverty based on the Social Metrics Commission's (SMC) framework for measuring poverty. This data was collected between April 2019 and March 2020 and the results in this report show that, driven by rising incomes and the easing of housing cost pressures, poverty was falling prior to the Covid-19 pandemic. Since then, the country and indeed the world has experienced one of the most significant health, social and economic crises seen for generations. The full scale of the social and economic impacts of this crisis are yet to be felt and cannot yet be fully measured. What we do know is that the impact is likely to be profound. This report provides a detailed overview of the extent and nature of poverty in the UK pre Covid-19 and, as such, can provide a baseline against which the impacts of Covid-19 on poverty can be judged in future years. Alongside this report, a briefing note published by the Legatum Institute builds on this to provide the first estimates of the potential level of poverty in Q2 2021 and projections of the potential course of poverty to Q2 2022, using the SMC methodology. This is based on a "nowcasting" approach developed by analysts at the Legatum Institute and shows that, unsurprisingly, the pandemic has reversed the reductions in poverty seen prior to March 2020. It also shows how Government support has limited the poverty impact of the pandemic and what more Government could do to ensure that poverty continues to fall.

EXECUTIVE SUMMARY

OVERVIEW OF THE COMMISSION'S POVERTY MEASURE

The SMC was founded in 2016 to develop a new approach to poverty measurement. In response to the fact that the UK no longer had an official measure of poverty for children, adults or pensioners, its ambition was to develop metrics that both better reflected the nature and experiences of poverty that different families in the UK have, and which could be used to build a consensus around poverty measurement and action in the UK.

Following two and a half years of work, the Commission published its first report in September 2018. This articulated how the approach to poverty measurement could be improved in the UK and elsewhere. The Commission's measure included improvements in three key areas:

1. Identifying those least able to make ends meet. The Commission's measure:
 - Accounted for all material resources, not just incomes. For instance, this meant including an assessment of the available liquid assets that families have;
 - Accounted for the inescapable costs that some families face, which make them more likely than others to experience poverty. These include the extra costs of disability, costs of childcare and rental and mortgage costs; and
 - Broadened the approach of poverty measurement to include an assessment of overcrowding in housing and those sleeping rough.
2. Providing a better understanding of the nature of poverty, by presenting detailed analysis of poverty depth and persistence for those in poverty; and
3. Providing an assessment of Lived Experience Indicators that shine a light on the differences in experiences of those living in poverty and those above the poverty line.

The Commission's 2018 report was the first time this framework had been used to present a detailed articulation of the nature of poverty in the UK. By design, the Commission's findings suggested that the same number of people were in poverty in the UK as previously thought. However, within this overall population, the Commission's results suggested significant changes to the groups identified as being in poverty and shed greater light on the depth, persistence and Lived Experiences of poverty.

PROGRESS TOWARDS AN EXPERIMENTAL STATISTIC

Since its 2018 report, the Commission has continued to build support for its approach to poverty measurement, including from the Work and Pension's Select Committee, who recommended that the Government adopt the Commission's approach as its "...official, central measure of poverty".ⁱ Most importantly, in 2019, the Government committed to developing an experimental statistic based on the Commission's measurement framework. As highlighted at the time by the Minister for Family Support, Housing and Child Maintenance:ⁱⁱ

"Tackling poverty is a priority for this government. We welcome the work the Social Metrics Commission has done to find new ways to understand the lives and experiences of those who are in poverty... the Social Metrics Commission makes a compelling case for why we should also look at poverty more broadly to give a more detailed picture of who is poor, their experience of poverty and their future chances of remaining in, or entering, poverty. We look forward to exploring the merits of developing a new measure with them and other experts in this field. In the long run this could help us target support more effectively."

Work on this experimental statistic was paused as a result of the pandemic and has not yet been restarted. The Secretary of State for Work and Pensions has also highlighted her intention to refocus work on income-based poverty statistics and material deprivation. It is the Commission's view that this should not detract from the need to push ahead with experimental statistics using the SMC's approach. Alongside more traditional income-based measures and assessments of material deprivation, this can be used to give policymakers a deeper understanding of poverty. The approach is also one supported by users of poverty statistics and data. This is a view shared by the Office for Statistics Regulation, who highlighted the need for work to continue on experimental statistics:

"We consider that the development of statistics should not be limited to policy need. Government departments need to take a wider view of user needs and look beyond any immediate policy needs. Users told us that it is perceived as Ministers "marking their own homework" if they choose not to publish alternatives to their preferred measure based on current policy priorities, and therefore cannot be held to account through other measures.

*The SMC proposed measure, a starting point for the DWP experimental statistics, captures many aspects that users would like to see in income-based poverty statistics. We consider that DWP and ONS should assess how the SMC recommendations can be implemented in their own work to enhance the public value of their statistics."*ⁱⁱⁱ

WHAT NEXT?

The Commission and its secretariat and technical team is firmly committed to supporting work on the experimental statistics when it can resume. Measuring poverty is essential if action is going to be taken to improve the lives of those currently living in, or at risk of falling into, poverty. It is also essential to ensuring that those individuals, families, communities and areas of the UK that have historically been left behind are supported to improve their situation. As the full extent of the Covid-19 crisis unfolds, measuring poverty will also be central to ensuring that the long-term economic and social impacts of the crisis are tackled. To that end, the Commission believes that, with existing data and research, the approach it has developed represents the most accurate measure of poverty, which is also most likely to build consensus and drive action on poverty.

KEY MESSAGES FROM BEFORE THE PANDEMIC:

Based on the Commission's approach to measuring poverty, this report shows that driven by increasing employment, rising incomes and reductions in housing costs that had disproportionately benefited those towards the bottom of the income distribution, poverty was falling prior to Covid-19. However, the briefing note that accompanies this report show that these reductions have been reversed by the economic fallout from the pandemic.

- **Prior to the pandemic poverty in the UK was falling.** Increases in incomes and an easing of housing cost pressures meant that 400,000 fewer people were in poverty in 2019/20 than the year before. The majority of this fall was seen amongst working-age people.
- **After rising for thirteen of the previous fifteen years, deep poverty was also falling prior to the pandemic,** with 200,000 fewer people in deep poverty (more than 50% below the poverty line) in 2019/20 than there were in 2018/19.

Even before the increases seen during the pandemic, poverty has been a long-term feature of the UK, despite significant policy action to try to tackle it. The experience of poverty varies significantly across the country and between different groups in society.

- **Poverty in the UK remains a significant issue.** Prior to the pandemic, 13.9 million people in the UK were living in families in poverty. Of these, 4.4 million were children (32% of all children), 8.1 million were working-age adults (20% of all working-age adults) and 1.4 million were pension-age adults (12% of all pension-age adults).
- **Overall rates of poverty have changed relatively little since the millennium.** The rate of poverty before the pandemic was 21%. Since 2000/01 (the first available year of results using the Commission's approach), poverty rates have fluctuated between 21% and 23%.
- **Poverty rates for a number of groups fell between 2000/01 and 2019/20.** Poverty rates for people in lone-parent families fell from 61% to 52% and for pension-age adults from 18% to 12%.
- **Whilst pensioner poverty was significantly lower in 2018/19 than in 2000/01, rates of poverty for pension-age adults had increased by three percentage points (to 12%) over the previous five years.**
- **The older you are, the less likely you were to be in poverty.** 34% of children aged four and under were in poverty prior to the pandemic, compared to 22% of those aged between 40 and 44 and 11% of those aged 75 and over.
- **Deep poverty had increased in the two decades before the pandemic.** In 2019/20, 4.3 million people (7% of the population) in the UK were living in the deepest form of poverty (more than 50% below the poverty line). This was 2.7 million people (5% of the population) in 2000/01.
- **Persistent poverty had increased.** 7.9 million people (13% of the population) in the UK were living in persistent poverty prior to the pandemic, compared to 10% five years earlier. This group were in poverty and had also been in poverty for at least two of the last three years.

Characteristics of those in poverty

- **Poverty rates varied significantly between English regions.** Prior to the pandemic, they were highest in London (29%), the North East (26%), Yorkshire and Humber (24%) and the West Midlands (24%). Regions with the lowest rates were the South West (17%), South East (18%), and East of England (17%) and the East Midlands (19%).
- **Poverty rates varied less across the UK's four nations.** The highest rates were in Wales (22%) and the lowest in Scotland (19%).
- **Half (50%) of all people in poverty lived in a family that included a disabled person.** 3.8 million people in poverty before the pandemic were themselves disabled and another 3.1 million lived in a family that included someone else who was disabled.
- **Poverty rates were highest amongst families with children.** The poverty rate for people living in couple families without children was 10% (1.3 million people) in 2019/20. This compared to 24% (5.4 million people) for people in couple families with children and 52% (2.5 million people) for those in lone-parent families.
- **Poverty rates were higher for Black and Minority Ethnic families.** Nearly half (43%, 900,000 people) of all people living in families where the household head is Black/African/Caribbean/Black British were in poverty prior to the pandemic, compared to just under one in five (19%, 10.5 million people) of those living in families where the head of household is White.
- **People in Black and Minority Ethnic families were between two and three times as likely to be in persistent poverty than people in White families.** For example, three in ten people (26%) living in families that were headed by someone from a mixed or multiple ethnic background, were in persistent poverty prior to the pandemic, compared to 11% of those living in families with a White head of household. However, 83% of those in persistent poverty lived in families with a White head of who is White.
- **Families with more work were less likely to be in poverty.** Less than one in ten (9%) of those living in full-time work families were in poverty in 2019/20. Nearly six in ten (53%) people in families working part time, were in poverty and nearly seven in ten (68%) of those in workless families were in poverty.
- **Experiences also varied by family type,** with 28% of people in lone-parent families in full-time work being in poverty in 2019/20, compared to 11% of those living in full-time working couple families with children.
- **Nearly two thirds (64%) of people in poverty were living in a family where someone worked at least part time.** As employment levels have increased over the last twenty years, the proportion of people in poverty that live in families where someone works increased (from 46% in 2000/01 to 64% in 2019/20). Whilst these working families were in poverty prior to the pandemic, they were likely to be in shallower and less persistent poverty than would have been the case if they were workless.

The Commission's Lived Experience Indicators show that those in poverty experience worse outcomes than those not in poverty.

- **Almost one in five people (19%) in poverty lived in families where no one had any formal qualifications**, compared to less than one in ten (8%) of those in families not in poverty prior to the pandemic.
- **Nearly one in five people (18%) in poverty lived in a lone-parent family**, compared to one in twenty (5%) of those not in poverty.
- **Nearly three in ten people (25%) in poverty lived in a family that was behind with paying bills**, compared to less than one in ten (7%) of those not in poverty. The majority of people in poverty (65%) lived in families where no one saves. For those not in poverty, this stands at 32%.
- **One in three (34%) people in poverty lived in a family where someone reported having poor mental health**, compared to one in four (25%) of those not in poverty.

Some improvements have been seen in recent years:

- **In recent years, prior to the pandemic, there had been a closing of the gap between those in poverty and those not in poverty for some of the Lived Experience Indicators.** Fewer people in poverty were living in families where someone felt unsafe walking alone at night (down by five percentage points since 2011/12) or where someone worried about being affected by crime (down four percentage points since 2011/12).
- **The proportion of people in poverty who lived either in lone-parent or single pensioner families had fallen.** For example, since 2000/01 the proportion of people in poverty in lone-parent families had fallen by nine percentage points prior to the pandemic.

INTRODUCTION

THE COMMISSION

The Social Metrics Commission was formed in 2016 with the explicit goal of creating new poverty measures for the UK. The need for the Commission was, and still is, clear; while various measures of income inequality and poverty exist, until a new experimental statistic has been developed and launched, the UK will not have an official measure of poverty for children, adults or pensioners.^{iv} This leaves a situation where policymakers and politicians cannot track progress or effectively be held to account for either tackling the causes of poverty or improving the lives of those who do experience poverty.

It was clear from the start that, to develop measures that could be successfully adopted, the Commission's recommendations would need to gain widespread support both from individuals and organisations across the political spectrum and from the widest range of people interested in poverty measurement. To ensure that this is the case, the Commission is rigorously non-partisan. Its membership draws together top UK poverty thinkers from different political and professional backgrounds alongside data and analytical experts and those with experience of working with and supporting people living in poverty. The work has been led by an independent Secretariat and Technical Team, who have presented Commissioners with detailed analysis, research and advice. The Commission also chose not to make recommendations on current or future policy direction. The Commission's work remains solely focussed on the question of how poverty is measured.

Commissioners	
Philippa Stroud (Chair)	Legatum Institute
Helen Barnard	Joseph Rowntree Foundation
Dr Stephen Brien	Legatum Institute
Alex Burghart MP	Former SMC Commissioner, 2016/17
Prof Leon Feinstein	University of Oxford
Deven Ghelani	Policy in Practice
Prof Paul Gregg	University of Bath
Dr David Halpern	Behavioural Insights Team
Dr Nick Harrison	MATCHESFASHION
Oliver Hilbery	Making Every Adult Matter
David Hutchison OBE	Social Finance
Robert Joyce	Institute for Fiscal Studies
Carey Oppenheim	London School of Economics
Rt Hon David Laws	Education Policy Institute
Hetan Shah	British Academy
Stephan Shakespeare	YouGov

In September 2018, the Commission launched both its first full report and recommendations for how poverty measurement in the UK should be taken forward. The results demonstrated that previous attempts at measuring poverty had both systematically misrepresented the types of people and families that experience poverty in the UK and failed to provide a comprehensive understanding of the lived experience of those families in poverty.

By bringing together the measurement of poverty, the depth and persistence of poverty and the Lived Experiences that impact on people's lives, the Commission has developed a more detailed framework for understanding poverty in the UK, how it can be tackled and how the lives of those in poverty could be improved.

PROGRESS SINCE THE COMMISSION'S PREVIOUS REPORTS

Since the launch of the Commission's first report, the Commission has continued to work to both build support for the approach that it developed and further improve its approach.

Support for the Commission's approach has come from a range of individuals and organisations, including from the Work and Pension's Select Committee, who recommended that the Government adopt the Commission's approach as its "...official, central measure of poverty". Most importantly, in 2019, the Government committed to developing an experimental statistic based on the Commission's measurement framework. As highlighted by the Minister for Family Support, Housing and Child Maintenance:^v

"Tackling poverty is a priority for this government. We welcome the work the Social Metrics Commission has done to find new ways to understand the lives and experiences of those who are in poverty... the Social Metrics Commission makes a compelling case for why we should also look at poverty more broadly to give a more detailed picture of who is poor, their experience of poverty and their future chances of remaining in, or entering, poverty. We look forward to exploring the merits of developing a new measure with them and other experts in this field. In the long run this could help us target support more effectively."

Since the Government's announcement in 2019, the Commission has been pleased to be able to support the work that the Department for Work and Pensions has been undertaking to develop the experimental statistics.^{vii} Understandably, this work was paused as a result of the Covid-19 crisis and the Commission believes has not yet been restarted. Recent statements from the Secretary of State for Work and Pensions also highlight her desire to refocus attention on narrower income-based measures and material deprivation.

It is the Commission's view that the Secretary of State's preference for these measures should not detract from the need to push ahead with the experimental statistics using the SMC's approach. Alongside more traditional income-based measures and assessments of material deprivation, this can be used to give policymakers a deeper understanding of poverty. The approach is also one supported by users of poverty statistics and data. This is a view shared by the Office for Statistics Regulation, who highlighted the need for work to continue on the experimental statistics:

"We consider that the development of statistics should not be limited to policy need. Government departments need to take a wider view of user needs and look beyond any immediate policy needs. Users told us that it is perceived as Ministers "marking their own homework" if they choose not to publish alternatives to their preferred measure based on current policy priorities, and therefore cannot be held to account through other measures.

*The SMC proposed measure, a starting point for the DWP experimental statistics, captures many aspects that users would like to see in income-based poverty statistics... **DWP and ONS should assess how the SMC recommendations can be implemented in their own work to enhance the public value of their statistics.**"^{vi}*

The Commission and its secretariat and technical team is firmly committed to supporting this work when it can resume. Developing a new experimental statistic would be a major step towards the Commission's ultimate goal of the development of new official poverty statistics in the UK, which can be used to guide and prompt policy action.

SECTION ONE: SUMMARY OF THE COMMISSION'S POVERTY MEASUREMENT FRAMEWORK

DEVELOPING THE COMMISSION'S MEASUREMENT FRAMEWORK

A brief summary of the new approach to measuring poverty that the Commission launched in 2018 is provided below. Full details can be found on the Commission's website and in the 2018 report.

WHY IS POVERTY MEASUREMENT IMPORTANT?

Before outlining the elements that make up the Commission's framework, it is important to outline why Commissioners think that the concept of poverty and its measurement are important, as this frames many of the decisions that were taken.

Overall, Commissioners felt that the concept of poverty is important because of both the direct and indirect impacts that poverty has on individuals, families and communities. The most obvious of these is that, where an individual or family is in poverty, some of their needs cannot be met.

In addition to the challenges people may face in putting food on the table or providing housing for their family, there are close links between poverty and many other aspects of people's lives, including relationships, health and future prospects. A significant body of research has shown some of the wider outcomes that can lead to, or are associated with, living in poverty.

This means that having an accurate and agreed measure of poverty is important as it allows us to:

- Understand the overall extent, nature and dynamics of poverty in the UK;
- Undertake research based on that understanding to assess the causes of this poverty and the potential pathways out of it; and
- Develop interventions, support and the enabling environment needed to both reduce the incidence of poverty and mitigate the impacts for those who do experience it.

Without an agreed measure, each of these is made much more difficult.

THE COMMISSION'S MEASUREMENT FRAMEWORK

A core measure of poverty

The Commission began its work by outlining how it would approach the measurement of poverty. As outlined in its interim report, the Commission viewed poverty as the experience of having insufficient resources to meet needs. However, there are a number of different dimensions along which 'needs' and 'resources' could be characterised.

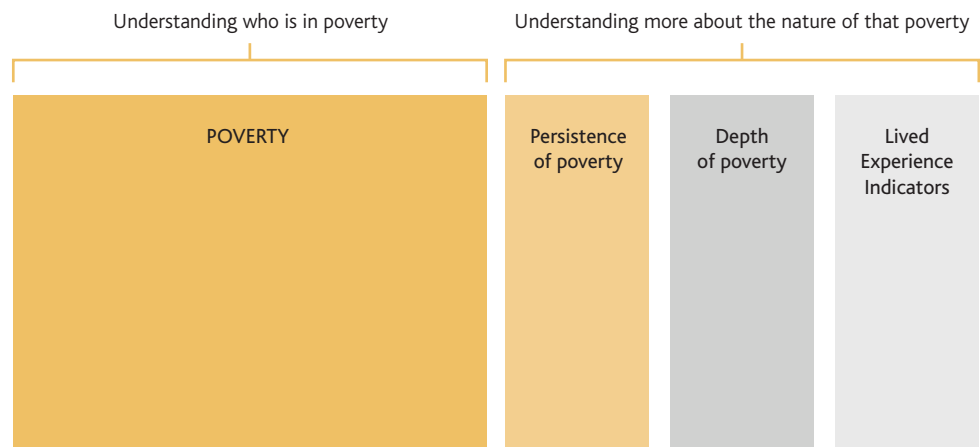
Based on the principles outlined above, the Commission decided to focus its measure of poverty on the extent to which the material resources that someone has available to them now are sufficient to meet the material needs that they currently have.

Understanding the nature of poverty

As well as measuring the incidence of poverty, Commissioners also developed a broader measurement framework that provides a deeper understanding of the factors that affect the experience of poverty, influence the future likelihood of poverty, or are consequences that flow from being in poverty. Figure 1 demonstrates that, alongside measuring the number of people in poverty, the Commission decided to report on three other areas:

- **The depth of poverty:** To assess how far above / below the poverty line families are. This will allow an understanding of the scale of the task that families face in moving out of poverty and how close others (above the poverty line) are to falling into poverty;
- **The persistence of poverty:** To assess how long families in poverty have been in poverty for, so that the escalating impact of poverty over time can be considered and tackled; and
- **The Lived Experience of those in poverty:** To assess a range of factors and characteristics that impact on a family's experience of poverty, make it more likely for them to be trapped in poverty and / or are likely predictors of their poverty experience.

Figure 1: The Commission's measurement framework



PRINCIPLES THAT GUIDED DECISION-MAKING

Once an overall framework had been established, the Commission then needed to make detailed decisions about how each of the elements would be measured. To ensure that the Commission approached decisions in a consistent manner, a set of key principles were developed and agreed by the Commission. These were used to frame the Commission's decisions and covered both the Commission's overall approach to measurement and the Commission's approach to measurement of resources and needs. These are summarised in Box 1.

Box 1: Overview of the Commission's principles of measurement

Focus on poverty: The Commission's focus is on measuring poverty, not social mobility, income inequality or wider measures of economic wellbeing. The poverty metric will also draw a clear distinction between indicators of poverty itself, the experience of poverty and risk factors or drivers of future poverty.

Poverty now: The Commission is assessing the extent to which families have the resources currently available to meet their immediate needs, rather than how they might manage in the future.

With reference to society: Needs are determined with reference to all of society. The definition of needs will be related to the degree to which people can engage in a life regarded as the 'norm' in UK society.

Neutrality: For the purpose of measurement, the Commission will only consider families' experiences now, and not consider how they got into the situation.

Lived experience: It is important to understand more than just who is classed as being in poverty. Understanding the nature of that poverty (e.g. poverty depth and persistence) and the wider characteristics and factors that impact on a family's experience of poverty are also important.

Ongoing measurement: Commissioners wanted to create a measure that could be captured using available data (or with improvements to existing data) and updated regularly.

Balancing accuracy with simplicity: The goal is to measure the size, distribution and nature of the population that is in poverty. We will not add unnecessary layers of complexity to capture very small numbers of atypical families.

MEASURING POVERTY

The Commission began its work by outlining how it would approach the measurement of poverty. The Commission viewed poverty as the experience of having insufficient resources to meet needs. However, there are a number of ways in which needs, resources and sufficiency can be characterised. Overall, this suggests that there are four steps to developing a measure of poverty:

1

HOW DO PEOPLE SHARE?

What should we assume about how people share resources and combine needs?

2

AVAILABLE MATERIAL RESOURCES

What material resources are available?

3

IMMEDIATE MATERIAL NEEDS

What are the needs which these available resources should meet?

4

COMPARING RESOURCES AND NEEDS

How to create a poverty line and update this over time

HOW DO PEOPLE SHARE?

Rather than using standard “household” assessments, whereby every individual within the same household is assumed to have an identical living standard, the Commission decided to allow for intra-household differences in living standards in some cases. In practical terms, this meant creating a new measure of intra-household sharing; the Sharing Unit:

1. Related^{vii} individuals within a household are deemed to share resources and needs – they represent one Sharing Unit. For example, a lone parent and child living with the lone parent’s own parents would be counted as one Sharing Unit; and
2. Non-related individuals within a household are deemed not to share resources and needs – they represent multiple Sharing Units. For example, a group of non-related students living in the same property would each be classed as separate Sharing Units.

The Commission is clear that this approach would not capture perfectly all sharing relationships in all households. For instance, in some households, related benefit units, and individuals within the same benefit units, will not equally share their resources and needs. However, whilst this is not a perfect measure, we believe it is the best that is possible using the available data, and an improvement on previous measures, which assumes that all individuals in a physical household share perfectly.

WHAT ARE AVAILABLE MATERIAL RESOURCES?

The Commission wanted to develop a new measure of resources that moved beyond the traditional focus on incomes. The motivation for this was the fact that many families both have access to non-income material resources (e.g. liquid assets) or need to spend a portion of their resources on outgoings over which they have no short-term control (inescapable costs like housing and childcare).

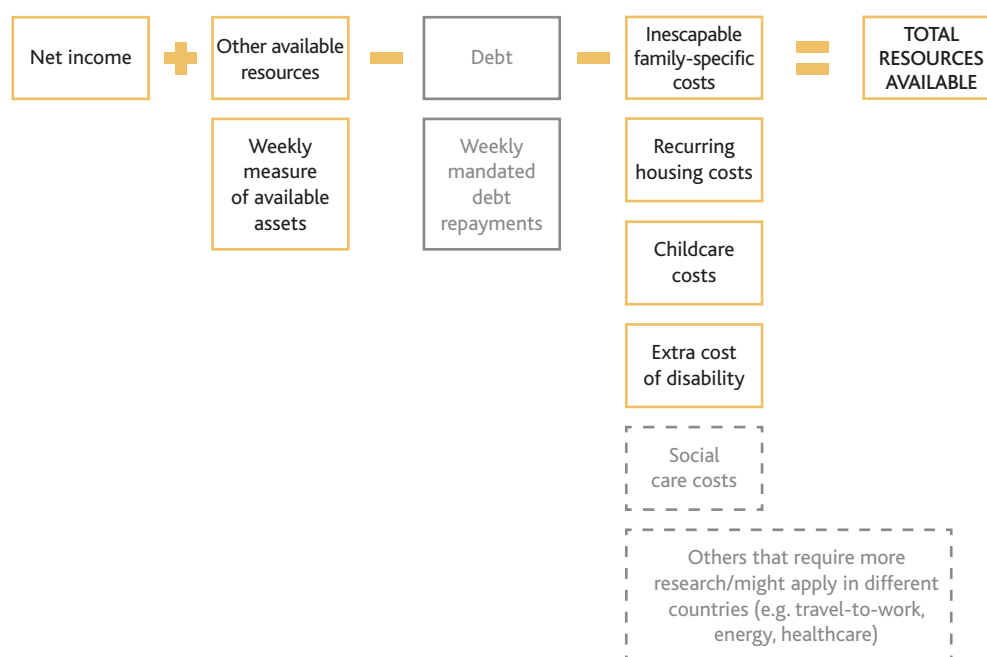
Overall, the Commission decided that the most appropriate approach to assessing the resources that families have available to meet their needs was to create a new measure of total weekly resources available. Figure 2 shows that this includes:

1. All sources of post-tax earnings and income, including all benefit and tax credit income;
2. Liquid assets available for immediate use (judged to be total stock of liquid assets divided by 52);
3. A deduction of inescapable family-specific recurring costs that families face from housing and childcare; and
4. A deduction of inescapable extra costs of disability.

A measure of obligated debt repayments would also have been deducted if the data was available in the FRS, and we believe will be available for analysis once the 2020/21 FRS is available to researchers. The Commission also strongly recommends further work to explore how the costs of social care could be captured and included.

Creating this measure of total resources available gives a far more accurate picture of the extent to which families are able to meet their day-to-day needs.

Figure 2: Creating a measure of weekly total resources available (all weekly)



Notes: Factors outlined in orange are already included in the measure. Factors outlined in a grey solid line would have been included if the data was available. Factors outlined in a grey dash require measurement and assessment to understand whether they should be included.

WHAT ARE IMMEDIATE MATERIAL NEEDS?

There are a range of questions that need to be answered to develop a measure of immediate material needs. These include questions about which data to use to proxy needs as well as complex questions about how to account for the fact that families of different sizes and compositions will have different needs.

After considering a range of options, the Commission decided that the most appropriate data to use to proxy needs was a measure of what others in society have available to spend (the Commission's measure of total resources available). It then considered a range of options for how to account for family size and composition. It decided:

1. To equalise needs using the AHC version of the OECD adjusted equivalence scales; and
2. To note the urgent need for further work to develop equivalence scales that reflect the experience of families in the UK.

The Commission's 2019 report on equivalisation undertook some of that work.^{viii} It created a framework to take forward the research needed to develop a new equivalence scale for the UK and outlined how that work should be developed. The Commission will continue to work with all interested parties to ensure that the right evidence is available so that the UK has the most accurate account of the differing needs of different individuals and families.

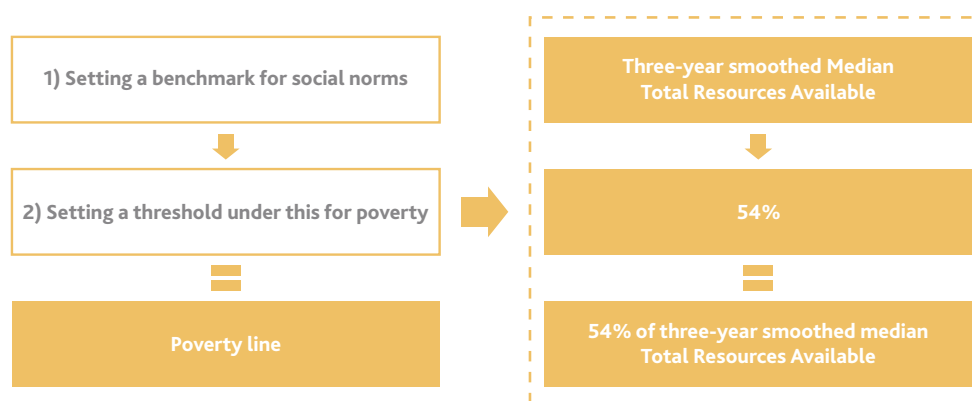
COMPARING MATERIAL RESOURCES AND MATERIAL NEEDS

After creating measures of resources and needs, the Commission had to develop a way of comparing the two to create a poverty line. Commissioners did this by determining a benchmark for social norms in society and then setting a threshold beneath this that reflected the situation of poverty.

Details of these decisions are shown in Figure 3. It is worth noting the Commission's decision to use a three-year smoothed measure of social norms better reflects the fact that social norms and expectations will take time to adapt to changes in overall economic conditions. For instance, if median incomes fall rapidly during a recession, it is not necessarily the case that a family's needs (and the poverty line) will fall pound for pound with this reduction. This makes the Commission's measure a hybrid between the traditional absolute and relative approaches to measuring poverty.

The other innovation of the Commission's measure was to broaden the approach to include an assessment of one element of housing adequacy. This included an adjustment for those in overcrowded accommodation and including those sleeping rough to be in poverty.

Figure 3: Commission's approach to setting the poverty line



MEASURING ELEMENTS OF THE EXPERIENCE OF POVERTY

Commissioners also developed a wider measurement framework, which focussed on measuring the depth and persistence of poverty as well as understanding a wide range of factors that might impact on a family's likelihood of entering or remaining in poverty, or their wider experience of poverty.

DEPTH OF POVERTY

Capturing the depth of poverty is one element that contributes to understanding the severity of poverty that families are experiencing. It is also apparent that the experiences of those just above the poverty line are likely to be very similar to those just below it. For these reasons, the Commission chose not to set an arbitrary threshold for "deep poverty". Instead, the Commission decided to create a measure of the depth of poverty that:

- Reflects how far each family in poverty is below the poverty line; and
- Captures and reports on families that are just above the poverty line.

POVERTY PERSISTENCE

Another important element of the severity of poverty that people experience is the length of time that they have been in poverty. Commissioners wanted a measure of the length of poverty to reflect families that had been continuously in poverty and also those who may have dipped in and out of poverty.

The Commission decided to create a measure of poverty persistence that matched the approach used by the OECD/ONS. This means that a family would be judged to be in persistent poverty if:

- They were in poverty this year; and
- Had also been in poverty for two of the previous three years.

This measure has been created using data from the Understanding Society survey. As more waves of this become available, an understanding of the longer-term persistence of poverty (for example, over more than four years) will also be possible.

LIVED EXPERIENCE OF POVERTY

Based on Commissioners' experience, existing research and input from a range of experts, the Commission identified a range of factors that were not captured by the Commission's measure of poverty, depth and persistence. These were grouped under five domains:

- Family, relationships and community;
- Education;
- Health;
- Family finances; and
- Labour market opportunity.

This is not meant to be a fully comprehensive list of potential factors, there are others that are important now, or might be important in the future. However, Commissioners wanted to develop a manageable framework for understanding and reporting on some of the wider experiences of people in poverty and how they compare to those not in poverty.

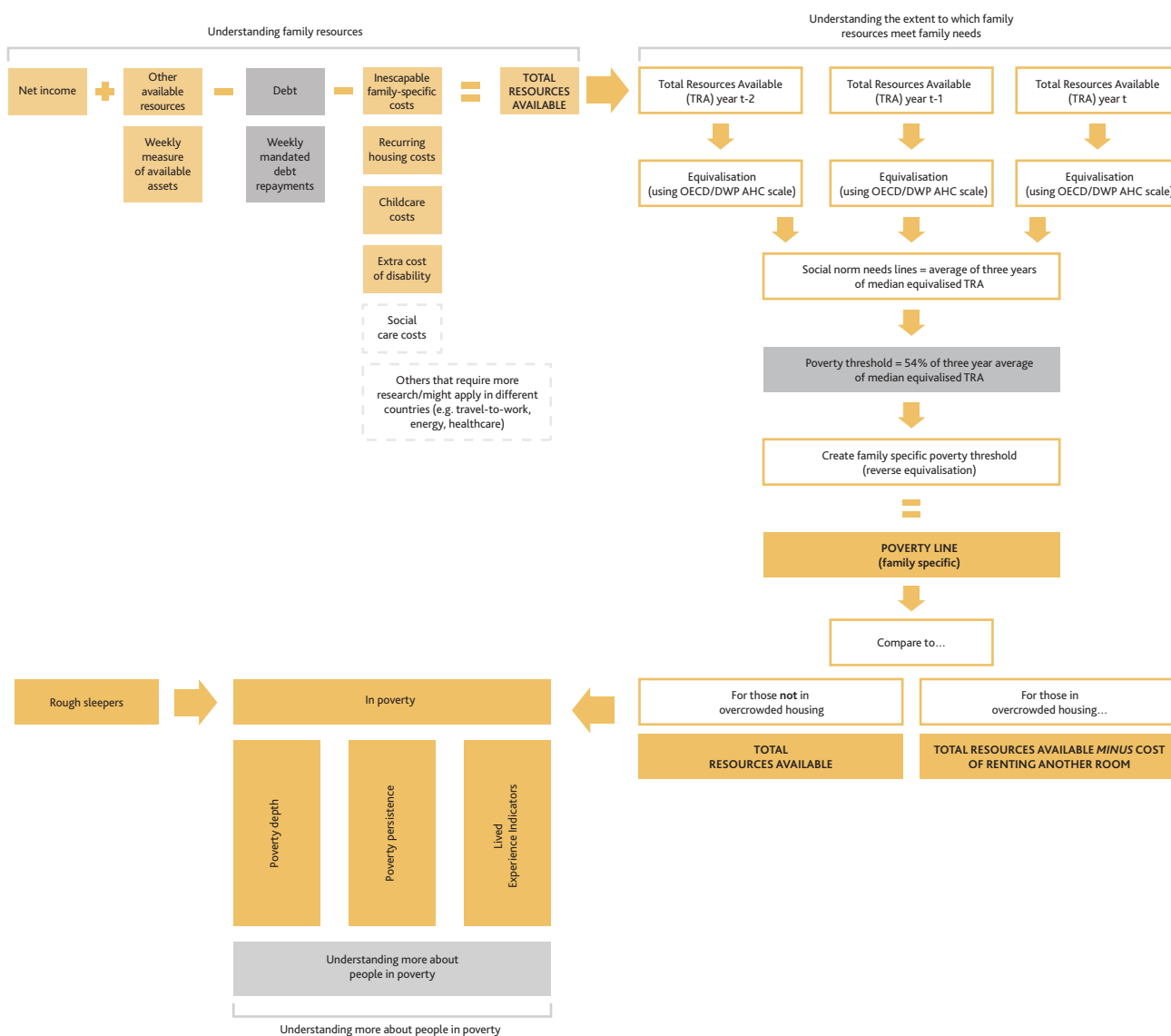
The Commission used data from both the Family Resources and the Understanding Society surveys to capture these factors. The prevalence of each of the factors amongst the population in poverty is compared to that of the population not in poverty, to establish an understanding of some of the differences between the two populations.

It is hoped that this will improve understanding and stimulate more research and analysis to develop a deeper assessment of the experiences of people in poverty, how to create an enabling environment and some of the potential routes of entry and exit.

OVERVIEW OF COMMISSION'S APPROACH TO MEASUREMENT

Figure 4 below provides a full overview of the Commission's approach to determining whether or not a specific family is living in poverty.

Figure 4: Overview of the Commission's measurement framework



SECTION TWO: POVERTY PRIOR TO THE PANDEMIC

POVERTY IN THE UK PRIOR TO THE PANDEMIC

This section provides an overview of the headline results from the Commission's measurement framework for the period immediately prior to the pandemic. This uses the most recently available Family Resources / Households Below Average Income data available, from 2019/20. It shows the incidence of poverty and how it varies for different types of families and individuals. It also shows how poverty rates and numbers have changed since 2000/01, both overall and for different types of individuals and families.

POVERTY PRIOR TO THE PANDEMIC – HEADLINES

Under the Commission's poverty measure, immediately prior to the pandemic, 13.9 million people in the UK were living in families judged to be in poverty (21% of the UK population). This means that 400,000 fewer people were living in poverty in 2019/20 than was the case both in 2018/19, and a decade ago. The fall in between 2018/19 and 2019/20 was driven by increases in incomes across the income distribution and particularly at the bottom of the income distribution. For example, mean wages rose by more than 7% for working-age employees between the 15th and 45th after-housing-costs income percentiles. Employment growth also continued to be focussed on families towards the bottom of the income distribution and the year to 2019/20 also saw reductions in real-terms housing costs in the bottom half of the income distribution (for example, average private rents paid by those in the bottom two deciles fell by over £10 a week between 2018/19 and 2019/20).^{ix} These factors also led to a reduction in the Households Below Average Income measure of after housing costs absolute poverty in 2019/20.

Overall poverty rates for the UK have fluctuated between 21% and 23% over the last two decades (figure 5).


Within the 13.9 million people living in poverty in 2019/20, there were 4.4 million children (32% of children), 8.1 million working-age adults (20% of working-age adults) and 1.3 million pension-age adults (12% of pension-age adults).


Figure 5: Composition of poverty and poverty rates in the UK, by age, 2019/20

13.9 million people in poverty in the UK (2019/20), comprised of:

8,100,000

 Working-age adults

4,400,000

 Children

1,400,000

 Pension-age adults

Poverty rates in the UK (2019/20):

21%
 Of the overall population are in poverty

20%
 Of working-age adults are in poverty

32%
 Of children are in poverty

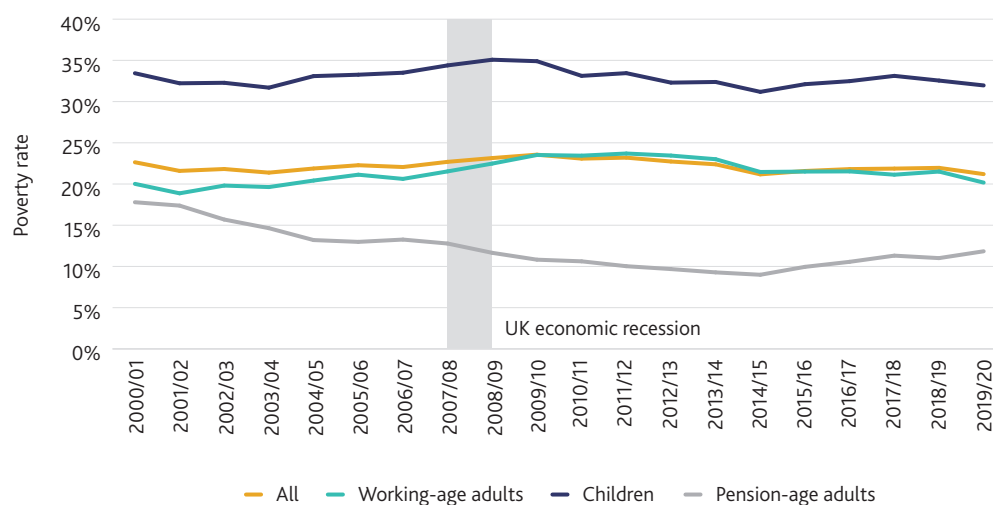
12%
 Of pension-age adults are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 6 shows that there was relatively little movement in the overall rate of poverty in the UK between 2000/01 and 2019/20. The largest movements were seen in the poverty rate for pension-age adults. This fell from 18% in 2000/01 to 9% in 2014/15. However, from this low point, the rate increased by three percentage points (to 12%) over the five years to 2019/20.

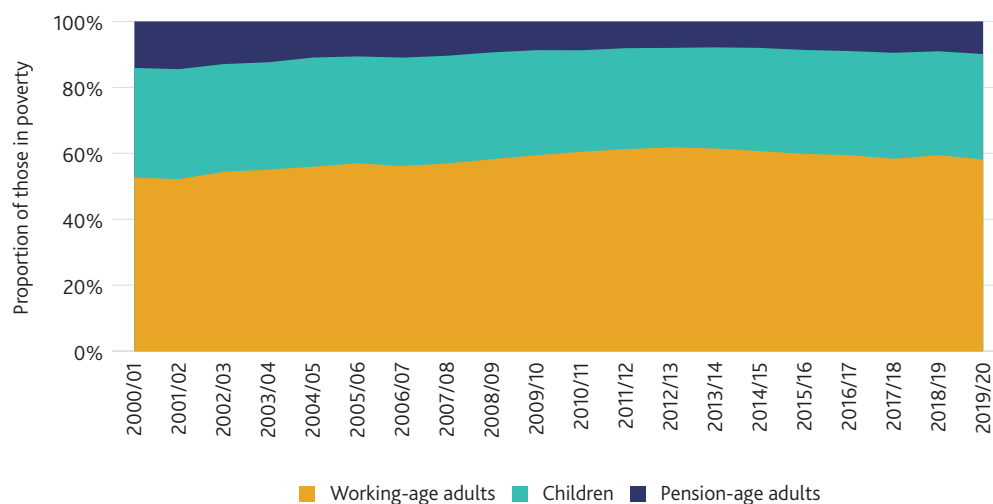
Figure 6: Poverty rates for the UK population, by age, over time



Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC Analysis.

The large fall in poverty amongst pension-age adults seen up to 2014/15 meant that the composition of the total population in poverty in the UK changed; working-age adults now make up a larger proportion of the group, while pension-age adults represent a lower proportion of the total. In 2000/01, working-age adults accounted for just over half (53%) of those in poverty. In 2019/20, this figure stood at nearly six in ten (58%).

Figure 7: Composition of poverty, by age



Notes: Categories refer to individuals who are working-age adults, children, or pensioners, rather than individuals in different family types.

Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC Analysis

POVERTY PRIOR TO THE PANDEMIC BY FAMILY TYPE

As well as considering poverty amongst working-age adults, pension-age adults and children, poverty can also be assessed based on the types of family within which people live.

Figure 8 shows that over half (52%) of people living in lone-parent families were living in poverty prior to the pandemic. This compares to 24% of those living in couple families with children and 9% of people in pension-age couple families.

Figure 8: Composition of poverty and poverty rates in the UK, by family types that people live in, 2019/20

13.9 million people in poverty in the UK (2019/20), comprised of:

3,100,000



Single people with no children

2,500,000



People in lone-parent families

1,300,000



People in couple families with no children

5,400,000



People in couple families with children

800,000



People in pension-age single families

800,000



People in pension-age couple families

Poverty rates in the UK (2019/20):

25%

Of single people with no children are in poverty

52%

Of people in lone-parent families are in poverty

10%

Of people in couple families with no children are in poverty

24%

Of people in couple families with children are in poverty

17%

Of people in pension-age single families are in poverty

9%

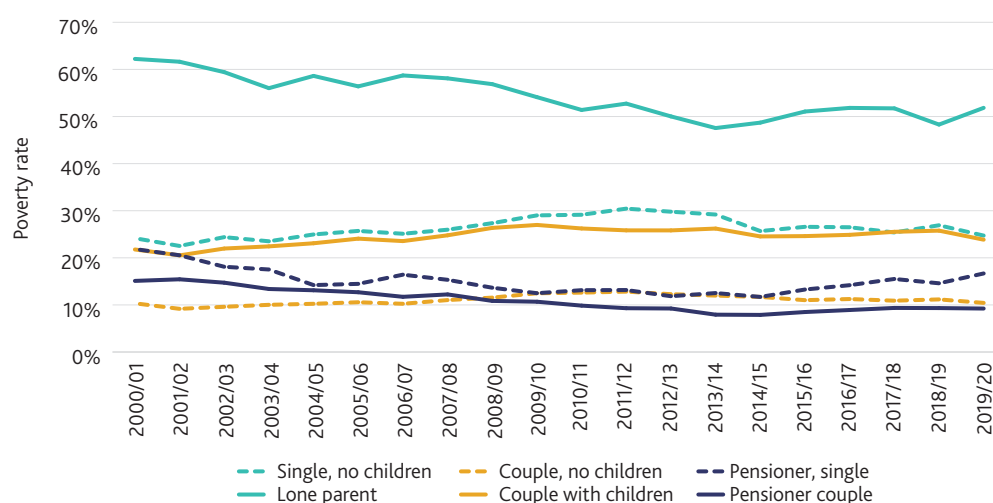
Of people in pension-age couple families are in poverty

Notes: Figures have been rounded, so may not sum perfectly. Family types taken from the HBAI dataset once SMC poverty indicators (assessed at the sharing unit level) have been allocated to each benefit unit. This applies to all estimates for family type in this section.

Whilst poverty rates amongst people in lone-parent families remained high in 2019/20, given the relatively small proportion of the overall population that this group accounts for, they were not the largest group in poverty. Instead, figure 8 shows that the 5.4 million people in poverty who live in couple families with children represented almost four in ten (38.9%) of those in poverty prior to the pandemic. Single people with no children represented the second largest group of people in poverty. There were 3.1 million people in this group.

Figure 9 demonstrates that poverty rates for individuals in particular family types have changed over time. The most significant changes can be seen in the poverty rate of lone-parent families where, despite modest rises between 2013/14 and 2019/20, the poverty rate in 2019/20 remained nine percentage points below the rate seen in 2000/01 and five percentage points below the rate seen pre-recession in 2007/08.

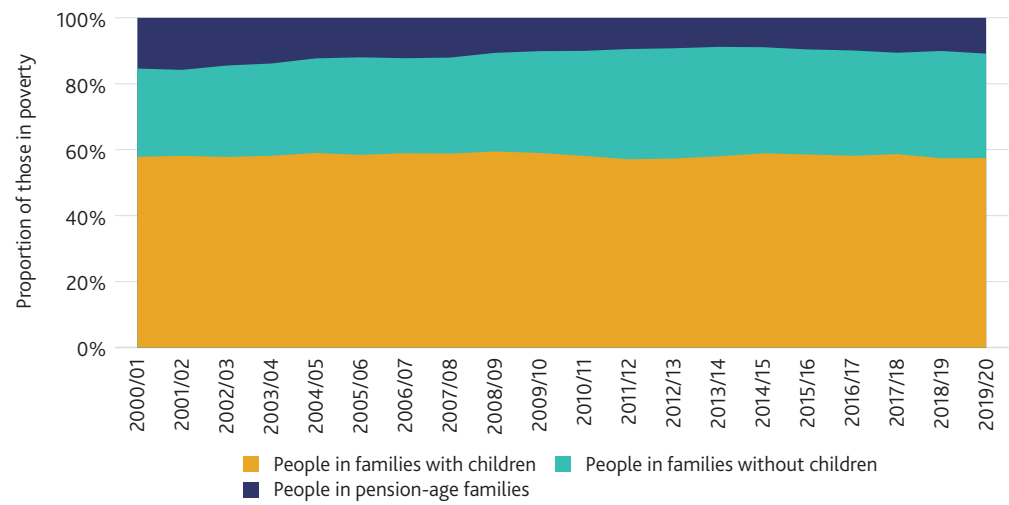
Figure 9: Poverty rates for the UK population, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 10 shows that, since the early 2000s, there has been a shift in the composition of poverty from pension-aged families* (falling from 16% of the population in poverty in 2001/02 to 11% in 2019/20), to working-age families without children (increasing from 27% of the population in poverty in 2001/02, to 32% in 2019/20). The proportion of the total population in poverty accounted for by people living in families with children remained fairly constant at around 57% prior to the pandemic.

Figure 10: Composition of poverty, by family type



Notes: Family types created using HBAI family designations and number of children.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

ANALYSIS OF POVERTY PRIOR TO THE PANDEMIC BY FAMILY CHARACTERISTICS

There are also characteristics, beyond family type, that are associated with different rates and levels of poverty. This section considers poverty by family disability status, work status, housing tenure and ethnicity.

Disability

Prior to the pandemic, poverty rates were higher for people living in families that include a disabled adult or child. Nearly three in ten (27%) of people in these families were in poverty, compared to nearly two in ten (17%) people in families that did not include a disabled person.

Overall, 6.9 million people in poverty were living in families that included a disabled adult or child. This means that, prior to the pandemic, almost half (50%) of people in poverty lived in a family that included a disabled person.

Figure 11: Composition of poverty and poverty rates in the UK, by whether the family includes a disabled person, 2019/20

13.9 million people in poverty in the UK (2019/20), comprised of:

6,900,000



People in families that include a disabled adult or child

7,000,000



People in families that do not include a disabled adult or child

7 million people in poverty in the UK in families that include a disabled person (2019/20), comprised of:

5,600,000



People in families that include one or more disabled adults and no disabled children

400,000



People in families that include disabled children and no disabled adult

800,000



People in families that include disabled children and one or more disabled adults

Poverty rates in the UK (2019/20):

27%

Of people living in families that include a disabled adult or child are in poverty

17%

Of people living in families that do not include a disabled adult or child are in poverty

26%

Of people living in families that include one or more disabled adults and no disabled children are in poverty

25%

Of people living in families that include disabled children and no disabled adults are in poverty

40%

Of people living in families that include disabled children and one or more disabled adults are in poverty

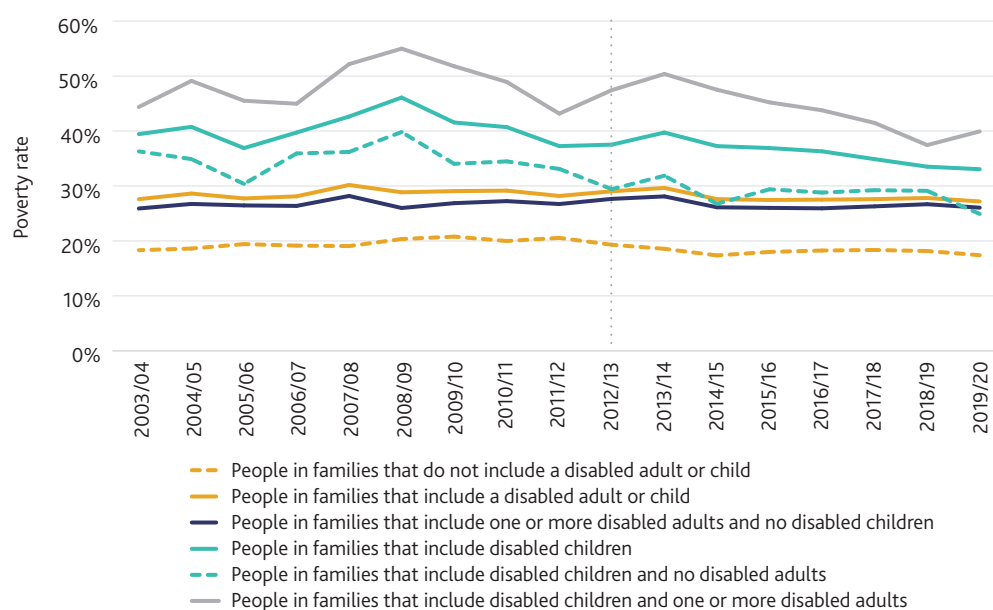
Notes: Figures have been rounded, so may not sum perfectly. Families are classified as having a disabled person if one or more benefit unit within the family has a disabled person according to the variables "disability within the family (benefit unit)". This variable changed to align with Equality Act definitions in 2012/13, but is otherwise consistent across years. This applies to all estimates for family disability in this section.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 12 demonstrates that, between 2003/04 and 2019/20, the poverty rate for people living in families that included a disabled person was around 27%. This compared to the poverty rate of around 17% for people not living in a family that included a disabled person.

Within this, the ten years prior to the pandemic saw significant falls in poverty amongst families that included a disabled child. For example, the poverty rate amongst people living in families that included a disabled child (regardless of whether there were also disabled adults present) was 33% in 2019/20, compared to 46% in 2008/09.

Figure 12: Poverty rates for the UK population, by whether the family includes a disabled person, over time

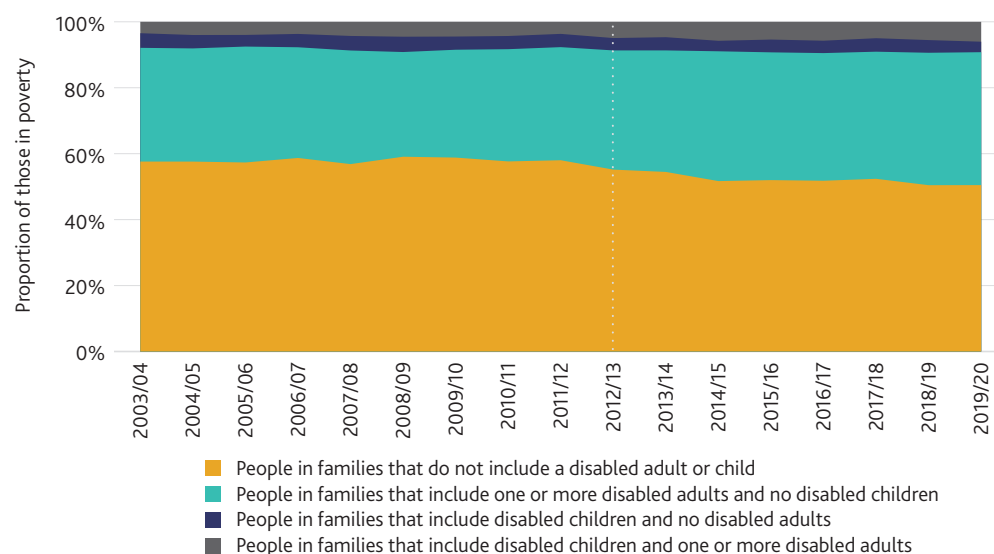


Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13. Estimates for disability are only available from 2003/04 due to data limitations. This applies to all disability estimates in this section.

Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC Analysis.

Figure 13 shows that the proportion of people in poverty who live in families with a disabled person increased significantly between 2003/04 and 2019/20 (from 43% in 2003/04 to 50% in 2019/20).^{xi}

Figure 13: Composition of poverty, by whether the family includes a disabled person



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Work status

Figure 14 demonstrates how, prior to the pandemic, people in poverty in the UK were split between retired, working and workless families. To understand the poverty status of families with different work intensities, the following classifications are used:^{xii}

- **Full-time work family:** All adults in the family work full time;
- **Full/part-time work family:** Some adults in the family work full time, others work part time;
- **Part-time work family:** Some or all adults in the family work part time, others may not work; and
- **Workless family:** None of the adults undertakes any paid work.

The experience of poverty varies significantly between families with different levels of work intensities. For example, more than half (53%) of people living in part-time work families were in poverty in 2019/20. This compares to just one in ten (9%) of those people living in full-time work families. Figure 1 also shows that 68% of those living in workless families were in poverty.

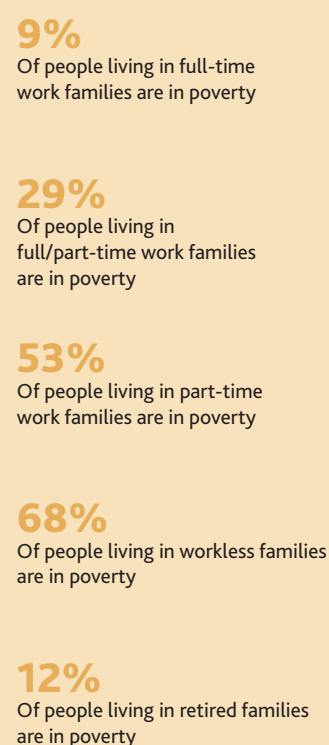
Together, this means that more than six in ten (63%) people in poverty in the UK prior to the pandemic lived in a family where someone does at least a few hours of work.

Figure 14: Composition of poverty and poverty rates in the UK, by family work status, 2019/20

13.9 million people in poverty in the UK (2019/20), comprised of:



Poverty rates in the UK (2019/20):



Notes: Excludes sharing units where all adult members are students. Figures have been rounded, so may not sum perfectly. Family work status allocated in accordance with the approach summarised above. This applies to all estimates for family work status in this section.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Table 1 considers how these results varied by different family types prior to the pandemic. It shows that, across all family types, as the family increases their work intensity, their chances of poverty fell significantly. However, it also shows that different families with similar work statuses can have quite different experiences of poverty. For example, people living in couple families, without children, where both adults work full time had the lowest poverty rate (3%). This contrasts with a poverty rate of 28% for people in families where the lone parent worked full time. Whilst high, this was still considerably lower than the poverty rate for people in lone-parent families where the lone parent worked full/part-time (52%), part time (76%) or was workless (71%).

Table 1: Poverty rates for people in working-age families, by family type and work status, 2019/20

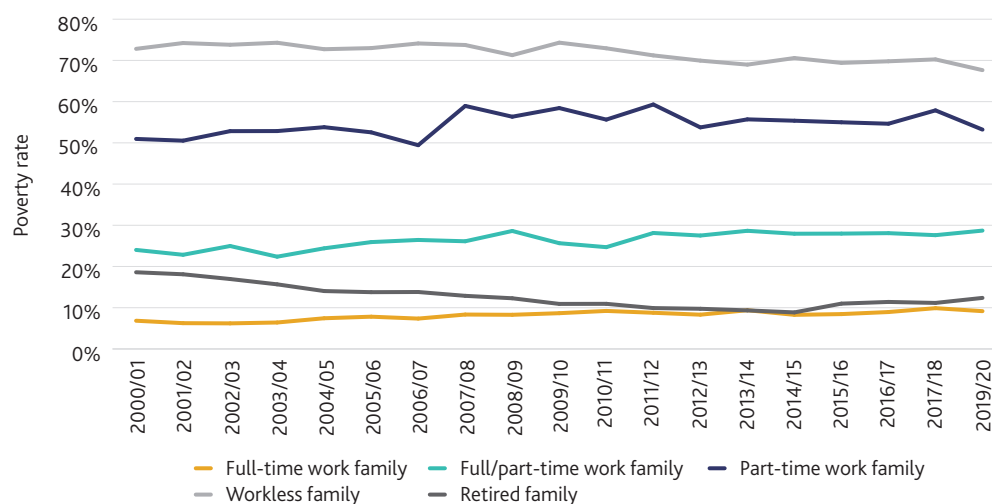
	Full-time work family	Full/part-time work family	Part-time work family	Workless family
Single, no children	9%	20%	50%	73%
Lone parent	28%	44%	65%	74%
Couple, no children	4%	16%	40%	72%
Couple with children	12%	38%	71%	85%

Notes: To provide a sufficient sample size, estimates for each family type are presented as three-year averages, in line with current HBAI approaches. As such, the 2019/20 figure represents averages of figures from 2016/17–2019/20. Full/part-time working families refer to the overall mix of adults in the sharing unit. As such, single person families or lone parents could be in a sharing unit with other adults leading to their allocation into this group, depending on the work status of the other adults.

Source: Family Resources Survey and HBAI dataset (2016/17 - 2019/20), SMC Analysis.

Figure 15 shows how the poverty rate for people living in families with different work statuses changed between 2000/01 and 2019/20. The most significant changes were seen in the poverty rate amongst people in part-time work families, which rose by eight percentage points (to 59%) between 2000/01 and 2007/08 and remained at around this level until 2017/18. In the two years to 2019/20, the poverty rate for people within this group fell by five percentage points (to 53%). The poverty rate for people living in workless families was on a slow downward trend for the two decades to 2019/20, falling by five percentage points between 2000/01 and 2019/20.

Figure 15: Poverty rates for the UK population, by family work status, over time



Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC Analysis.

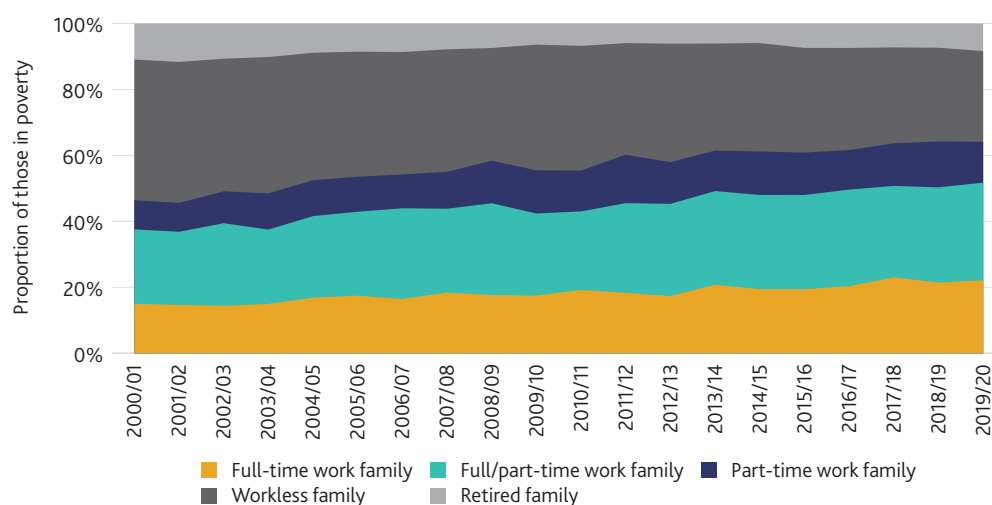
Whilst poverty rates prior to the pandemic were far lower for families where adults work, employment levels in the UK had increased significantly over the two decades prior to the pandemic. This left a lower proportion of adults and children living in workless families and contributed significantly to the fact that the composition of poverty in the UK shifted towards families where someone works at least part time.

Figure 16 shows that nearly two thirds (46%) of those in poverty prior to the pandemic were living in families where at least one person was working part time. The equivalent figure in 2007/08 was 55%, and in 2000/01 was 46%. Whilst some of these changes were driven by changes in poverty rates (shown above) changes in the number of people in workless and working families were a significant driver.

This is because, as more people moved into work, the proportion of working-age adults living in workless families fell from 12% in 2000/01 to 9% in 2019/20. This led to a reduction in the proportion of children living in workless families from 18% to 10% over the same period. As result, the proportion of working-age adults and children in working families increased from 86% to 89%.

Whilst people in these working families might still have been in poverty, they were likely to have been experiencing shallower and less persistent poverty than would have been the case if they had have been in workless families, as was shown in the Feature Section of the Commission's 2020 report.^{xiii}

Figure 16: Composition of poverty, by family work status



Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC Analysis.

Housing tenure

Figure 17 demonstrates how people in poverty in the UK prior to the pandemic were split between families in different housing tenures. The majority (68.2%) of people in poverty were in the social- or private-rented sector.

Figure 17: Composition of poverty and poverty rates in the UK, by housing tenure, 2019/20

13.9 million people in poverty in the UK (2019/20), comprised of:

5,200,000



People in families living in social-rented accommodation

4,300,000



People in families living in private-rented accommodation

2,800,000



People in families living in mortgaged-owned accommodation

1,600,000



People in families living in owned-outright accommodation

Poverty rates in the UK (2019/20):

49%

Of people in families living in social-rented accommodation are in poverty

34%

Of people in families living in private-rented accommodation are in poverty

12%

Of people in families living in mortgaged-owned accommodation are in poverty

8%

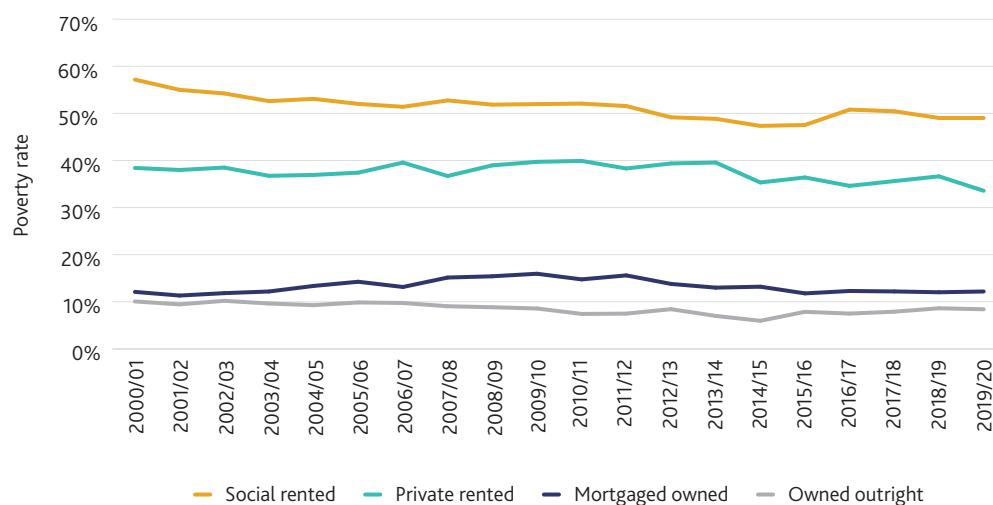
Of people in families living in owned-outright accommodation are in poverty

Notes: Figures have been rounded, so may not sum perfectly. Tenure is derived from HBAI tenure type variables at the benefit unit level. This allows specific benefit units within the sharing unit (e.g. someone renting a room in a house their sibling owns) to be classified separately from other benefit units. This applies to all estimates for housing tenure in this section.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

There were also changes in the overall poverty rates for people living in different housing tenures. Figure 18 shows that poverty rates amongst those in social-rented accommodation remained significantly higher than for those in other tenure types, despite having fallen over the 15 years prior to the pandemic. Poverty rates for owner-occupiers in 2019/20 were broadly in line with those in 2000/01, whereas for those in the private rented sector there had been a slight fall.

Figure 18: Poverty rates for the UK population, by housing tenure, over time

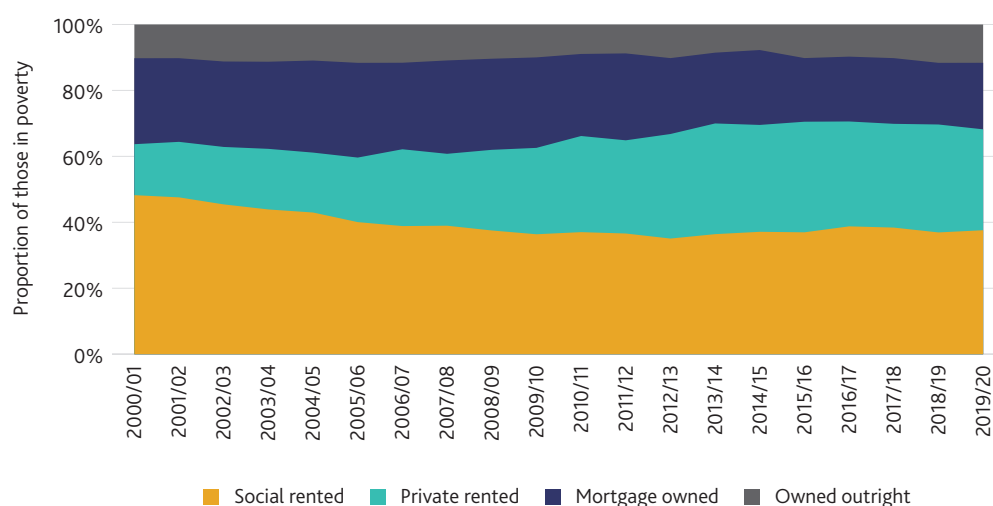


Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC Analysis.

Whilst poverty rates for those in private-rented had fallen by close to five percentage points between 2000/01 and 2019/20, there had been a significant increase in the proportion of those in poverty that live in the private-rented accommodation sector. Having only accounted for 15% of the population in poverty in 2000/01, this group accounted for a third (31%) of the population in poverty prior to the pandemic.

This was driven by a large increase in the overall UK population who live in the private-rented sector; rising from 9% of the population in 2000/01 to 19% in 2019/20.

Figure 19: Composition of poverty, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC analysis.

Ethnicity

Nearly half (43%, 900,000 people) of all people living in families where the household head is Black/African/Caribbean/Black British were in poverty prior to the pandemic, compared to just under one in five (19%, 10.5 million people) of those living in families where the head of household is White. Specific ethnic groups within these broad groupings will have different rates and experiences of poverty, but it is not possible to explore these because of sample size constraints.

Figure 20: Composition of poverty and poverty rates in the UK, by ethnic group of household head, 2019/20

13.9 million people in poverty in the UK (2019/20), comprised of:

10,500,000



People in families with a head of household who is White

200,000



People in families with a head of household who is from a mixed/multiple ethnic group

2,000,000



People in families with a head of household who is Asian/Asian British

900,000



People in families with a head of household who is Black/African/Caribbean/Black British

400,000



People in families with a head of household who is from any other ethnic group

Poverty rates in the UK (2019/20):

19%

Of people in families living with a head of household who is White are in poverty

32%

Of people in families living with a head of household who is from a mixed/multiple ethnic group are in poverty

39%

Of people in families living with a head of household who is Asian/Asian British are in poverty

43%

Of people in families living with a head of household who is Black/African/Caribbean/Black British are in poverty

43%

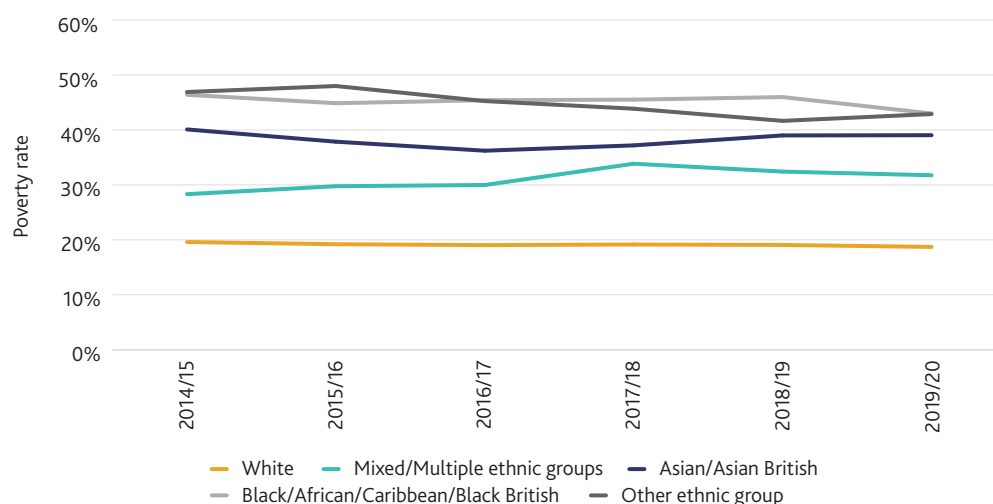
Of people in families living with a head of household who is from any other ethnic group are in poverty

Notes: Figures have been rounded, so may not sum perfectly. To ensure sufficient sample sizes, analysis by ethnic group is presented as three-year averages. This is in line with current HBAI approaches. The harmonised standards for ethnicity questions were fully adopted across the UK from the 2012/13 questionnaire onwards. Analysis by ethnicity therefore only begins in that year and results are only presented from 2014/15 due to three-year averaging. Individuals have been classified according to the ethnic group of the household head. This applies to all estimates for ethnicity in this section.

Source: Family Resources Survey and HBAI dataset (2016/17 - 2019/20), SMC analysis.

Figure 21 shows that around one in five (19%) people in families with a White head of household were in poverty.^{xiv} Whilst relatively small sample sizes mean that drawing inferences from year-on-year changes should be treated with caution, poverty rates for people in families where the head of household from another ethnic group had increased a little over the five years to 2019/20.

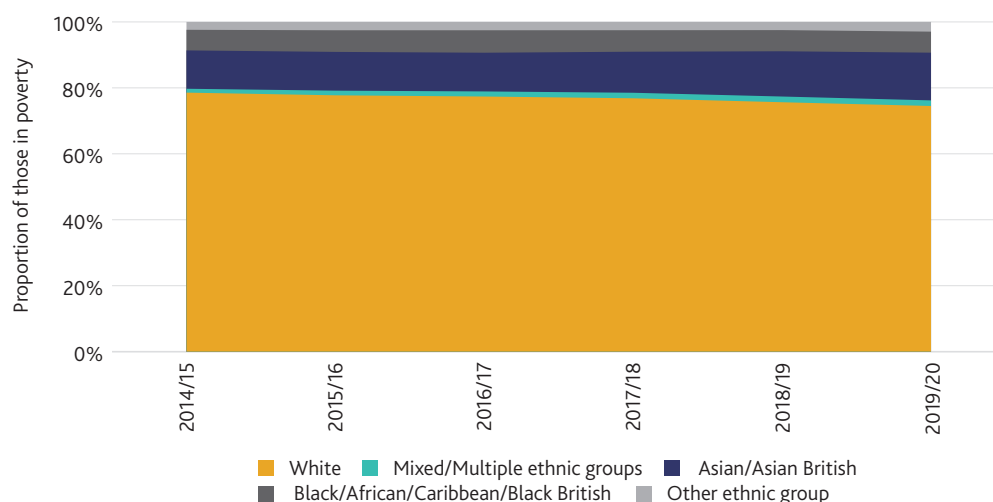
Figure 21: Poverty rates for the UK population, by ethnic group of household head, over time



Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC Analysis.

The overall composition of poverty between 2014/15 and 2019/20 remained relatively constant, with only a slight fall in the overall proportion of those in poverty accounted for by people in families with a White head of household.

Figure 22: Composition of poverty, by ethnic group of household head



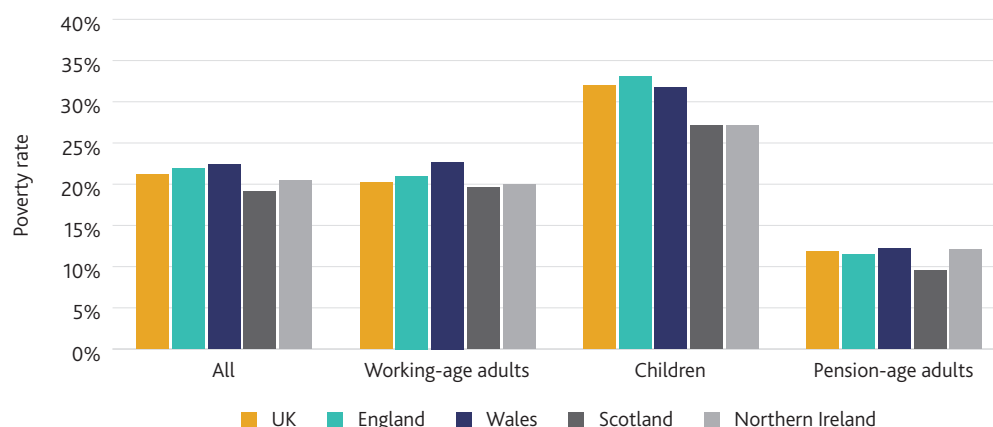
Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC Analysis.

POVERTY ACROSS THE UK

UK countries

This section considers poverty across different parts of the UK. Figure 23 shows poverty rates prior to the pandemic, overall for each country and also split by working-age adults, children and pensioners. Compared to the UK average, poverty rates were higher for people living in Wales and lower for those living in Scotland and Northern Ireland.

Figure 23: Poverty rates for the UK population, by country and age, 2019/20

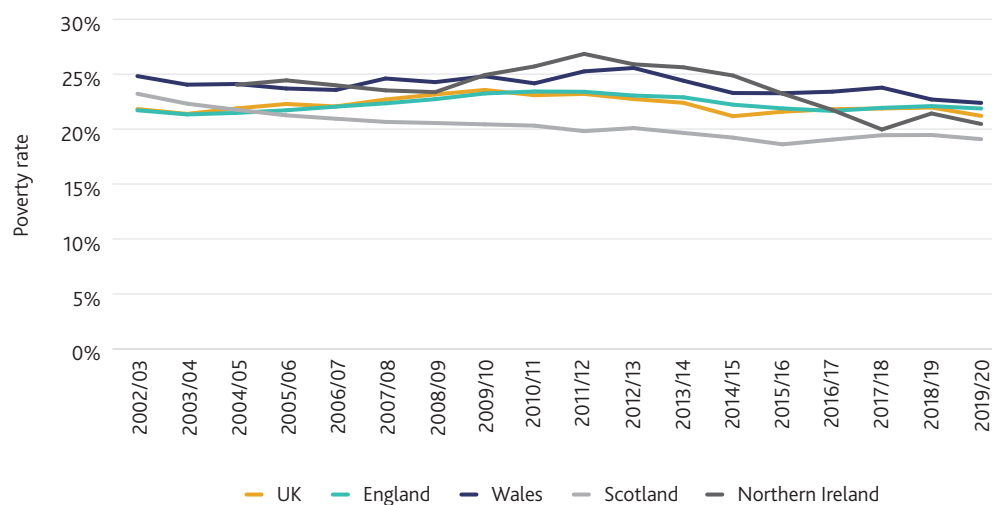


Notes: To provide a sufficient sample size, estimates for each country are presented as three-year averages, in line with current HBAI approaches. As such, the 2019/20 figure represents averages of figures from 2016/17–2019/20. This applies to all sub-national estimates in this section.

Source: Family Resources Survey and HBAI dataset (2016/17 - 2019/20), SMC analysis.

Figure 24 shows how poverty rates in each of the four nations have varied over time. Overall poverty rates in England, Northern Ireland and Wales have broadly followed the overall trends in the UK poverty rate; falling slowly in the early 2000s, rising during the financial crisis and recession and then falling post-recession. Poverty in Scotland has followed a slightly different trajectory, where up to 2015/16 the poverty rate had been on a steady downward trend up to 2015/16 but has plateaued since then. Northern Ireland has seen the largest reductions in poverty rates post-financial crisis (from 27% in 2011/12 to 20% in 2019/20).

Figure 24: Poverty rates for the UK population, by country, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Table 2 shows how the poverty rates for people living in different types of families varied across the countries in the UK prior to the pandemic.

Table 2: Poverty rates for the UK population, by family type and country, 2019/20

	England	Wales	Scotland	Northern Ireland
Single, no children	25%	31%	27%	26%
Lone parent	51%	49%	44%	45%
Couple, no children	11%	13%	11%	11%
Couple with children	26%	25%	21%	20%
Pensioner, single	16%	18%	13%	14%
Pensioner, couple	9%	9%	7%	12%

Source: Family Resources Survey and HBAI dataset (2016/17 - 2019/20), SMC analysis..

Areas within England

Differences in poverty rates between English regions prior to the pandemic were larger than between the countries of the UK. For example, figure 25 shows that the overall poverty rate in London (29%) was 10 percentage points or more higher than in the South West (17%), South East (17%), and East of England (18%) and the East Midlands (19%). Other regions with particularly high overall poverty rates included the North East (26%), Yorkshire and Humber (24%) and the West Midlands (24%).

Differences in the overall poverty rate across English regions prior to the pandemic were also reflected in the poverty rates for working-age adults, children and pension-age adults (table 3).

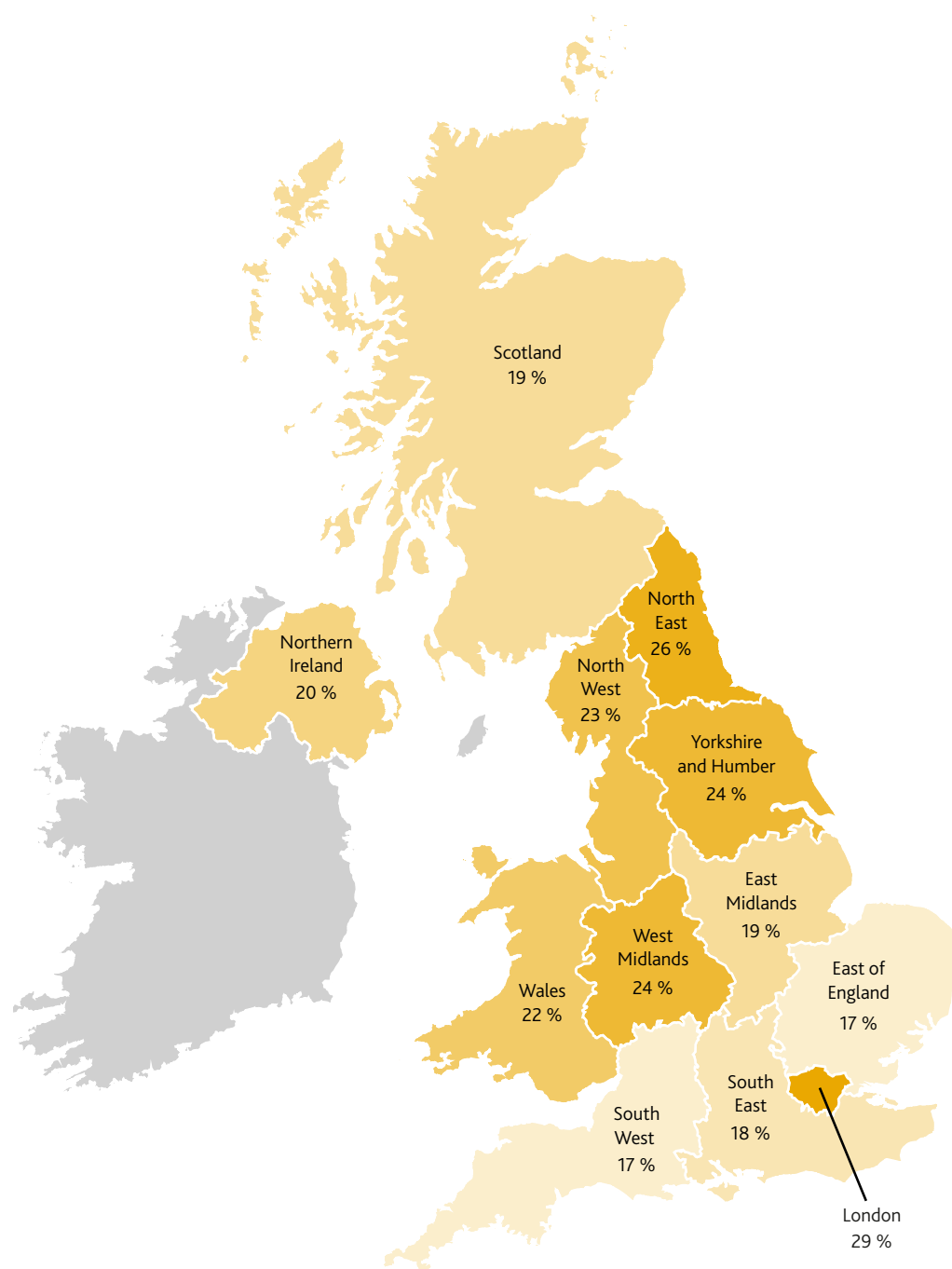
Table 3: Poverty rates for the UK population, by English region and age, 2019/20

	All		Working-age adults		Children		Pension-age adults	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
London	2,500,000	29 %	1,500,000	26 %	800,000	42 %	200,000	20 %
North East	700,000	26 %	400,000	26 %	200,000	40 %	100,000	12 %
Yorkshire and Humber	1,300,000	24 %	800,000	24 %	400,000	36 %	100,000	12 %
West Midlands	1,400,000	24 %	800,000	23 %	500,000	37 %	100,000	12 %
North West	1,700,000	23 %	900,000	22 %	500,000	35 %	200,000	14 %
East Midlands	900,000	19 %	500,000	19 %	300,000	29 %	100,000	10 %
East of England	1,600,000	18 %	900,000	18 %	500,000	26 %	200,000	10 %
South East	1,000,000	17 %	600,000	17 %	300,000	26 %	100,000	8 %
South West	900,000	17 %	500,000	17 %	300,000	27 %	100,000	8 %
England	12,000,000	22 %	7,000,000	21 %	3,900,000	33 %	1,100,000	12 %

Notes: To provide a sufficient sample size, estimates for each region are presented as three-year averages, in line with current HBAI approaches. As such, the 2019/20 figure represents averages of figures from 2016/17–2019/20. This applies to all regional estimates in this section.

Source: Family Resources Survey and HBAI dataset (2016/17 - 2019/20), SMC analysis.

Figure 25: Poverty rates
for the UK population, by
English region, 2019/20



Source: Family Resources Survey and HBAI dataset (2016/17 - 2019/20), SMC analysis.

SECTION THREE: UNDERSTANDING THE NATURE OF POVERTY PRIOR TO THE PANDEMIC

POVERTY DEPTH

The Commission's approach to measuring the depth of poverty ensures that it is possible to understand the distribution of poverty below the poverty line. The Commission's research also demonstrates that those only just above the poverty line were some of the most likely families to be in poverty in future, and are likely to be experiencing a similar standard of living as those who are beneath it. For this reason, the Commission's approach to measuring depth of poverty also identifies those who are just above the poverty line.

DEPTH BELOW THE POVERTY LINE PRIOR TO THE PANDEMIC

Table 4 shows that 8.5 million people in the UK (13% of the population) were more than 25% below the poverty line prior to the pandemic. This is 200,000 fewer people than was in this group in 2018/19. Those in this group would need to see their total resources available would increase significantly for them to be out of poverty. Around 2.3 million people were less than 10% below the poverty line, meaning that relatively small changes in their circumstances could have meant that they were not in poverty.

Table 4: Breakdown of depth of poverty for those in poverty, 2019/20

Distance below poverty line	Number of people	% of UK population
<=5% below the poverty line	1,200,000	2
5%-10% below the poverty line	1,100,000	2
10%-25% below the poverty line	3,100,000	5
25%-50% below the poverty line	4,200,000	6
>=50% below the poverty line	4,300,000	7

Notes: Figures have been rounded, so may not sum perfectly. For poverty calculations, where families were directly on a given threshold, they were treated as being above it, as their resources would be defined as being equal to their poverty-level needs. This approach was also applied to the various categories of poverty depth in this section.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

CLEARANCE ABOVE THE POVERTY LINE BEFORE THE PANDEMIC

Table 5 shows that, as well as those under the poverty line, prior to the pandemic another 4% of the population (close to 2.3 million people) were less than 10% above the poverty line, meaning that small changes to their situation could have meant that they were in poverty.

Table 5: Breakdown of those above the poverty line, 2019/20

Distance above poverty line	Number of people	% of UK population
<=5% above the poverty line	1,200,000	2
5%-10% above the poverty line	1,100,000	2
10%-25% above the poverty line	3,600,000	6
25%-50% above the poverty line	5,100,000	8
>=50% above the poverty line	40,600,000	62

Notes: Figures have been rounded, so may not sum perfectly.

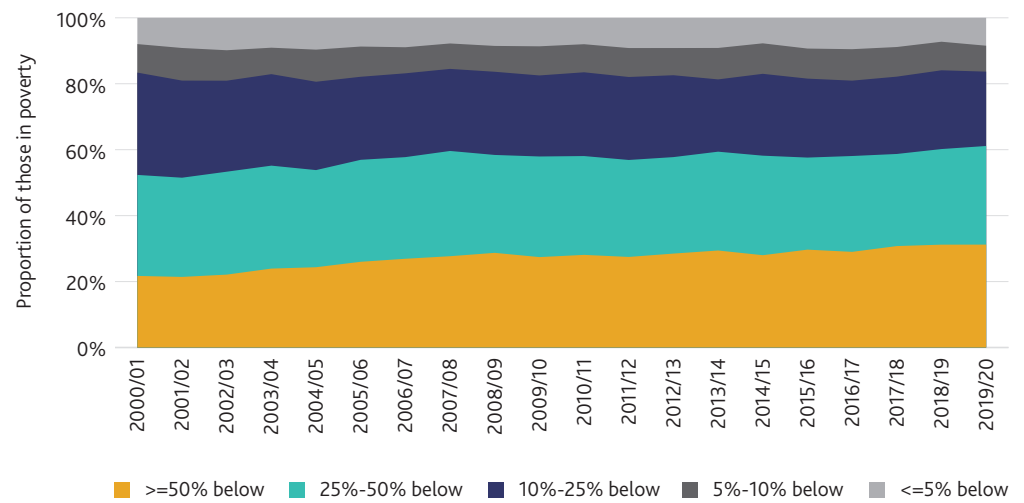
Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Changing poverty depth over time

Figure 26 shows the composition of poverty by the depth of poverty that families experience. It shows that, since 2000/01, those in the deepest level of poverty (more than 50% below the poverty line) have represented an increasing share of all of those in poverty. In 2000/01, 22% of those in poverty could be found more than 50% below the poverty line. By 2019/20, this group in the deepest level of poverty accounted for 31% of all of those in poverty. Whilst this group has formed an increasing proportion of those in poverty over the two decades to 2019/20, the number of people in this group was 200,000 lower in 2019/20 than in 2018/19.

This sort of analysis is a key advantage of the Commission's measurement framework, as this group would have been less apparent under previous measures of poverty that tended to focus on the overall number of people beneath the headline poverty line.

Figure 26: Composition of poverty, by poverty depth



Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Poverty depth across English regions and UK countries

Table 6 shows how experiences of poverty depth for those in poverty before the pandemic varied across the regions and countries of the UK. Four in ten people (42%) living in poverty in London were in deep poverty (at least 50% below the poverty line). This compared to two in ten (24%) of those who were living in poverty prior to the pandemic in the North East.

Table 6: Poverty depth for those in poverty, by country and English region, 2019/20

	<=10% below	10%- 25% below	25%- 50% below	>=50% below
London	13	16	29	42
South East	15	24	26	36
East Midlands	21	22	26	31
East of England	17	24	28	31
West Midlands	17	25	30	28
South West	19	25	30	27
Yorkshire and the Humber	18	27	30	26
North West	19	24	31	25
North East	16	27	33	24
Scotland	16	25	30	29
Wales	20	26	25	28
Northern Ireland	20	31	26	22
UK	17	23	29	31

Source: Family Resources Survey and HBAI dataset (2016/17 - 2019/20), SMC Analysis.

Notes: To provide a sufficient sample size, the first two depth categories (<=5% below the poverty line and 5%-10% below the poverty line) have been combined. The estimates for each region are also presented as three-year averages, to provide a sufficient sample size, in line with current HBAI approaches. As such, the 2019/20 figure represents averages of figures from 2016/17–2019/20.

POVERTY PERSISTENCE

The Commission defines persistent poverty as the situation where a person lives in a family that was in poverty in the year in question and was also in poverty for at least two out of the three years prior to that. A range of research has shown that those experiencing longer spells of poverty can be more detrimentally impacted.^{xv}


PERSISTENT POVERTY IN THE UK BEFORE THE PANDEMIC

Based on this definition, 55% of those in poverty in 2018/19 were in persistent poverty. That means that 13% of the whole population, or 7.9 million people, were in persistent poverty in 2018/19.

Rates of persistent poverty vary by age group, with 20% of all children in the UK living in persistent poverty prior to the pandemic, compared to just 4% of pension-age adults.

Figure 27: Persistent poverty in the UK, 2018/19

13.9 million people in poverty in the UK (2019/20), comprised of:

4,700,000

Working-age adults

2,500,000

Children

700,000

Pension-age adults

Poverty rates in the UK (2019/20):

55%
Of all people in poverty are in persistent poverty

13%
Of the whole UK population are in persistent poverty

13%
Of working-age adults in the UK are in persistent poverty

20%
Of children in the UK are in persistent poverty

4%
Of pension-age adults are in persistent poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Understanding Society (2012/13 – 2018/19), SMC analysis.

PERSISTENT POVERTY OVER TIME

Table 7 demonstrates how persistent poverty changed between 2014/15 and 2018/19. It shows that the proportion of those in poverty who were also in persistent poverty was broadly the same in 2018/19 as it was in 2014/15 for working-age adults. However, the proportion of those children and pension-age adults in poverty who were also in persistent poverty both rose over the five years prior to 2018/19.^{xvi}

Table 7: Persistent poverty by age group, over time

	All		Working-age adults		Children		Pension-age adults	
	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty	% of all working-age adults in poverty who are also in persistent poverty	% of all working-age adults (regardless of poverty status) who are in persistent poverty	% of all children in poverty who are also in persistent poverty	% of all children (regardless of poverty status) who are in persistent poverty	% of all pension-age adults in poverty who are also in persistent poverty	% of all pension-age adults (regardless of poverty status) who are in persistent poverty
2014/15	53	10	54	11	53	16	44	3
2015/16	56	11	58	12	57	17	42	3
2016/17	49	11	51	11	52	17	31	3
2017/18	51	11	53	12	53	17	35	3
2018/19	55	13	55	13	56	20	50	4

Source: Understanding Society (2009/10 – 2018/19), SMC analysis.

PERSISTENT POVERTY FOR DIFFERENT GROUPS

This section demonstrates the proportion of various in-poverty groups who were also in persistent poverty prior to the pandemic (for example, the proportion of those single adults in poverty, who were also in persistent poverty), as well as the proportion of the overall group who were in poverty (for example, the proportion of all single adults who were in persistent poverty).

Table 8 shows this for different family types. It shows that some family types in poverty were more likely than others to experience persistent poverty. For example, 64% of all people living in lone-parent families in poverty were also in persistent poverty. The proportion was lower for people living in poverty in a couple family without children, where 48% of people in poverty in this group were also in persistent poverty. The likelihood of persistent poverty was lowest for people in poverty in single pension-age families, where only 46% of those in poverty were also in persistent poverty.

Rates of persistent poverty across each of these groups were also different. For example, 31% of all of those living in lone-parent families were in persistent poverty, compared to 16% of those in couple families with children and 8% of people living in couple families with no children.

Table 8: Persistent poverty for people living in different family types, 2018/19

	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty
Single, no children	58	15
Lone parent	64	31
Couple, no children	48	8
Couple with children	53	16
Pensioner, single	46	5
Pensioner couple	56	4

Source: Understanding Society (2009/10 – 2018/19), SMC analysis.

Table 9 shows a breakdown of persistent poverty before the pandemic for people living in families with different work statuses. It shows that, as with overall poverty rates, persistent poverty rates and the proportion of those in poverty who were also in persistent poverty are strongly associated with work intensity. Overall, the closer to full-time work a family gets, the less likely they were to be in persistent poverty.

For example, prior to the pandemic just 4% of those living in a family where all adults worked full time were in persistent poverty, compared to 35% of those who were living in a workless family. Equally, 52% of all people living in poverty in families where all adults worked full time were also in persistent poverty, compared to 64% of people who were living in a workless family.

Table 9: Persistent poverty for people living in families with different work statuses, 2018/19

	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty
Retired family	45	3
Full-time work family	52	4
Full/part-time work family	47	12
Part-time work family	55	29
Workless family	64	35

Notes: Family work status allocated in accordance with the approach summarised in the previous section.

Source: Understanding Society (2009/10 – 2018/19), SMC analysis.

Table 10 shows a breakdown of persistent poverty for people living in families at different depths of poverty prior to the pandemic. The results show that those in the deepest levels of poverty were much more likely to be in persistent poverty than those who were closest to the poverty line. Less than four in ten (39%) of those closest to the poverty line (less than 5% below) were also in persistent poverty, compared to more than half (58%) of those who were 50% below the poverty line.

Table 10: Persistent poverty for people living in families at different depths of poverty, 2018/19

	% of all people in poverty who are also in persistent poverty
Living in a family <=5% below the poverty line	39
Living in a family 5%-10% below the poverty line	50
Living in a family 10%-25% below the poverty line	51
Living in a family 25%-50% below the poverty line	60
Living in a family >=50% below the poverty line	58

Source: Understanding Society (2009/10 – 2018/19), SMC analysis.

Table 11 shows a breakdown of persistent poverty prior to the pandemic by whether people lived in a family that included a disabled person. Rates of persistent poverty, and the likelihood of persistent poverty amongst people living in poverty, were higher for people living in a family that included a disabled person.

Table 11: Persistent poverty by whether family includes a disabled adult, 2018/19

	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty
Living in a family where one or more adults are disabled	60	15
Living in a family where no adults are disabled	52	12

Notes: Disability figures in the table only cover individuals aged 16 and over as the data does not contain information on children's disability status.

Source: Understanding Society (2009/10 – 2018/19), SMC analysis.

Table 12 shows that the majority of people in poverty who lived in social- (65%) and private-rented (61%) accommodation were also in persistent poverty. This compares to 48% of those who lived in poverty in owner-occupied accommodation.

Overall, people living in either social- or private-rented accommodation were also much more likely to be in persistent poverty than those living in families that owned their accommodation. For example, three in ten (31%) of all people in social-rented accommodation were in persistent poverty, compared to just 8% of those who lived in mortgage-owned accommodation. More than a quarter (31%) of all people living in social-rented accommodation were in persistent poverty, compared to just 8% of those living in mortgage-owned accommodation and 27% in the private-rented sector.

Table 12: Persistent poverty by housing tenure, 2018/19

	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty
Living in a family in social-rented accommodation	65	31
Living in a family in private-rented accommodation	61	27
Living in a family in mortgage-owned accommodation	40	8
Living in a family in owned-outright accommodation	48	4

Source: Understanding Society (2009/10 – 2018/19), SMC analysis.

Table 13 shows poverty persistence prior to the pandemic was much more prevalent for Black and Minority Ethnic groups. People in Black and Minority Ethnic families were between two and three times more likely to be in persistent poverty than people in White families. For example, three in ten people (30%) living in families with a Black head of household were in persistent poverty, compared to 11% of those living in families with a White head of household. However, 83% of those in persistent poverty before the pandemic lived in families with a White head of household.

Table 13: Persistent poverty by ethnicity of household reference person, 2018/19

	% of all people in poverty who are also in persistent poverty	% of all people (regardless of poverty status) who are in persistent poverty
Living in a family where the household reference person is White	54	11
Living in a family where the household reference person is from a mixed/multiple ethnic group	60	26
Living in a family where the household reference person is Asian/Asian British	59	23
Living in a family where the household reference person is Black/African/Caribbean/Black British	66	30
Living in a family where the household reference person is from any other ethnic group	65	32

Notes: Understanding Society collects certain information on household reference persons rather than household heads. A household reference person is defined as the owner or renter of the accommodation in which the household lives. If there are multiple owners or renters, the default is the eldest of them is the household reference person.

Source: Understanding Society (2009/10 – 2018/19), SMC analysis.

LIVED EXPERIENCE INDICATORS PRIOR TO THE PANDEMIC

The previous sections outlined more detail on the incidence, depth and persistence of poverty. This section provides more detail on a wider set of measures of some of the factors that affect the lived experience of people in poverty. A key reason for the importance of this is to ensure that policymakers can consider the widest range of policy tools available to them to tackle the impacts and reduce the incidence of poverty.

As highlighted in previous reports, the Commission's approach is limited by the extent to which data on these factors can be linked to the measure of poverty (in the data sources that we are using). As such, Lived Experience Indicators were selected based on data availability and the themes that the Commission viewed as being important to understanding the nature of poverty. A range of indicators have been developed under five domains:

1. Family, relationships and community;
2. Education;
3. Health;
4. Family finances; and
5. Labour market opportunity.

Within each of these, a number of indicators have been analysed to understand the differences between families in poverty and those not in poverty. These indicators have also been analysed to show how they have changed for people in poverty both since the last time they were reported in the survey and since the first time they were reported in the survey. For indicators based on the Understanding Society survey, this is only possible over a relatively short timescale, but as more waves become available, longer-term reporting will be possible.

The results below demonstrate that, across a wide range of indicators, people in poverty are experiencing disadvantage, or a number of factors that are likely to negatively impact on either their experience of poverty today, or the likelihood that they can move out of and avoid poverty in future.

FAMILY, RELATIONSHIPS AND COMMUNITY

Just 5% of people not in poverty prior to the pandemic lived in lone-parent families, compared to nearly one in five (18%) of those in poverty. People in poverty were also more likely both to be in families where no one was a member of an organisation (63% of people in poverty compared to 35% of those not in poverty) and to be in families that thought that people in their neighbourhood could not be trusted (21% of people in poverty compared to 9% of those not in poverty). People in poverty were also more likely to live in families where someone felt unsafe walking alone at night (29% compared to 22% of those not in poverty) and were more likely to be in families that did not like living in their current neighbourhood (13% compared to 6% of those not in poverty).

Table 14: Family, relationships and community domain of Lived Experience Indicators, by poverty status prior to pandemic

	Proportion of people in poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
Single adults	22	18
Lone parent families	18	5
Single pensioners	5	7
Adults in family rarely or never feel close to others	12	5
One or more youths in family does not feel supported by their family/people who they live with	5	3
One or more adults in family feels unsafe walking alone at night	29	22
One or more adults in family worries about being affected by crime	50	50
One or more adults in family does not like living in current neighbourhood	13	6
One or more adults in family spends time caring for someone	31	30
One or more adults in family perceives local services as poor	43	42
One or more adults in family thinks people in their neighbourhood cannot be trusted	21	9
No adults in family are members of an organisation	63	35
One or more adults in family is not willing to improve neighbourhood	16	14
Family's average size of social network is below 5 close friends	65	54

Source: Family Resources Survey and HBAI dataset (2019/20) and Understanding Society (2014/15 - 2018/19), SMC analysis.

There have been some positive changes in these indicators in the years prior to the pandemic. In particular, fewer people in poverty were living in families where someone felt unsafe walking alone at night (down by five percentage points) or where someone worried about being affected by crime (down four percentage points). There had also been reductions in the proportion of people in poverty who lived either in lone-parent or single pensioner families. For example, between 2000/01 and 2019/20 the proportion of people in poverty who lived in lone-parent families fell by five percentage points.

Table 15: Changes over time in family, relationships and community domain of Lived Experience Indicators

	Proportion of people in poverty who have characteristic listed		
	This year	Change since last data (percentage point)	Change since earliest data (percentage point)
Single adults	22	-1	4
Lone parent families	18	2	-5
Single pensioners	5	1	-2
Adults in family rarely or never feel close to others	12	3	1
One or more youths in family does not feel supported by their family/people who they live with	5	2	-3
One or more adults in family feels unsafe walking alone at night	29	-5	-
One or more adults in family worries about being affected by crime	50	-4	-
One or more adults in family does not like living in current neighbourhood	13	-3	-
One or more adults in family spends time caring for someone	31	0	1
One or more adults in family perceives local services as poor	43	1	-
One or more adults in family thinks people in their neighbourhood cannot be trusted	21	0	-
No adults in family are members of an organisation	63	7	4
One or more adults in family is not willing to improve neighbourhood	16	0	3
Family's average size of social network is below 5 close friends	65	-2	2

Notes: '-' indicates that data is not available for this period. The Lived Experience Indicators use data from a range of survey years as not all questions are asked every year. See Annex 3 for details on the years that each of the indicators are drawn from.

Source: Family Resources Survey and HBAI dataset (2000/01 - 2019/20) and Understanding Society (2011/12 - 2018/19), SMC analysis.

EDUCATION

Educational outcomes amongst people living in families in poverty prior to the pandemic were worse than for those not in poverty. For example, one in five (19%) people in poverty lived in a family where no one had any formal qualifications, compared to less than one in ten (8%) of those in families not in poverty. Additionally, nearly one in three (28%) people in poverty prior to the pandemic lived in families where the highest qualification was below 5A*-C GCSEs or equivalent, compared to only 13% of those in families not in poverty.

Table 16: Education and labour market opportunity domain of Lived Experience Indicators, by poverty status prior to the pandemic

	Proportion of people in poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
No one in family has any formal qualifications	19	8
All adults have highest qualification that is below 5A*-C GCSEs or equivalent	28	13

Source: Family Resources Survey and HBAI dataset (2019/20) and Understanding Society (2014/15 - 2018/19), SMC analysis.

Table 17: Changes over time in labour market opportunity domain of Lived Experience Indicators

	Proportion of people in poverty who have characteristic listed		
	This year	Change since last data (percentage point)	Change since earliest data (percentage point)
No one in family has any formal qualifications	19	-1	-3
All adults have highest qualification that is below 5A*-C GCSEs or equivalent	28	0	0

Notes: The Lived Experience Indicators use data from a range of survey years as not all questions are asked every year. See Annex 3 for details on the years that each of the indicators are drawn from.

Source: Family Resources Survey and HBAI dataset (2000/01 - 2019/20) and Understanding Society (2011/12 - 2018/19), SMC analysis.

HEALTH

There were some large differences in the health domain between people in poverty and those not in poverty prior to the pandemic. For example, half (50%) of people in poverty lived in a family that included a disabled person, compared to 36% of people who were not in poverty. The prevalence of self-reported mental health concerns was 8 percentage points higher amongst people living in families that were in poverty (34%), than amongst those who did not live in a family that was in poverty (24%).

Table 18: Health domain of Lived Experience Indicators, by poverty status prior to the pandemic

	Proportion of people in poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
In a family that includes a disabled adult or child	50	36
One or more adults in family with poor self-reported physical health	25	21
One or more adults in family with poor self-reported mental health	34	26
One or more adults in family with low life satisfaction	17	10
One or more adults in family with low health satisfaction	23	17
One or more youths in family has drunk to excess in last four weeks	41	61
One or more adults in family has drunk to excess in the last year	58	67
One or more adults in family smokes cigarettes (not incl. e-cigarettes)	36	20
One or more youths in family has used or taken illegal drugs at least once in the last year	15	21

Source: Family Resources Survey and HBAI dataset (2019/20) and Understanding Society (2014/15 - 2018/19), SMC analysis.

Table 19 shows changes over time in the indicators of the health domain. Most indicators in this domain were around the same prior to the pandemic as they were in the previously available data, however, the proportion of people living in poverty in families where one or more youth had drunk to excess during the last four weeks had decreased by 5 percentage points.

Table 19: Changes over time in health domain of Lived Experience Indicators

	Proportion of people in poverty who have characteristic listed		
	This year	Change since last data (percentage point)	Change since earliest data (percentage point)
In a family that includes a disabled adult or child	50	0	4
One or more adults in family with poor self-reported physical health	25	1	0
One or more adults in family with poor self-reported mental health	34	-1	0
One or more adults in family with low life satisfaction	17	0	-3
One or more adults in family with low health satisfaction	23	-1	-8
One or more youths in family has drunk to excess in last four weeks	41	-5	-9
One or more adults in family has drunk to excess in the last year	58	1	-
One or more adults in family smokes cigarettes (not incl. e-cigarettes)	36	-1	-3
One or more youths in family has used or taken illegal drugs at least once in the last year	15	1	-3

Notes: '-' indicates that data is not available for this period. The Lived Experience Indicators use data from a range of survey years as not all questions are asked every year. See Annex 3 for details on the years that each of the indicators are drawn from.

Source: Family Resources Survey and HBAI dataset (2000/01 - 2019/20) and Understanding Society (2011/12 - 2018/19), SMC analysis.

FAMILY FINANCES

Results above and in table 20 below demonstrate that worklessness amongst working-age adults in poverty had fallen between 2000/01 and 2019/20. However, nearly a third (30%) of people in poverty still lived in workless families prior to the pandemic. This compared to just 4% of those not in poverty. Perhaps unsurprisingly, this was reflected in a higher proportion of people in poverty who lived in families that were behind in paying their bills, reported material deprivation or where adults had felt embarrassed by low income. The proportion of people in poverty who lived in families where no adult saved (65%) was double of that of people not in poverty (32%).

Table 20: Family finances domain of Lived Experience Indicators, by poverty status prior to the pandemic

	Proportion of people in poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
Family is behind in paying bills	25	7
In a workless family	30	4
In a family reporting material deprivation	24	4
One or more adults in family with low income satisfaction	27	14
One or more adults in family has felt embarrassed by low income	43	22
No adult in family saves	65	32

Source: Family Resources Survey and HBAI dataset (2019/20) and Understanding Society (2014/15 - 2018/19), SMC analysis.

Table 21 shows that the proportion of people in poverty living in a workless family fell by 18 percentage points between 2000/01 and 2019/20. Rates of dissatisfaction with low income and material deprivation along with the likelihood of being behind with paying the bills and no-one in the family saving also fell between the times when these indicators started to be measured and the year most recent to the pandemic.

Table 21: Changes over time in family finances domain of Lived Experience Indicators

	Proportion of people in poverty who have characteristic listed		
	This year	Change since last data (percentage point)	Change since earliest data (percentage point)
Family is behind in paying bills	25	-2	-5
In a workless family	30	-1	-18
In a family reporting material deprivation	24	1	-5
One or more adults in family with low income satisfaction	27	-2	-12
One or more adults in family has felt embarrassed by low income	43	1	-
No adult in family saves	65	-5	-6

Notes: '-' indicates that data is not available for this period. The Lived Experience Indicators use data from a range of survey years as not all questions are asked every year. See Annex 3 for details on the years that each of the indicators are drawn from.

Source: Family Resources Survey and HBAI dataset (2000/01 - 2019/20) and Understanding Society (2011/12 - 2018/19), SMC analysis.

LABOUR MARKET OPPORTUNITY

The proportion of working-age adults in poverty prior to the pandemic who were workless was 52%, compared to 16% of those living in families not in poverty. On average, working adults in poverty spent slightly less time traveling to work (22 minutes), compared to working adults not in poverty (27 minutes).

Table 22: Education and labour market opportunity domain of Lived Experience Indicators, by poverty status prior to the pandemic

	Proportion of people in poverty who have characteristic listed (%)	Proportion of people not in poverty who have characteristic listed (%)
Proportion of working-age adults who are workless	52	16
Average time spent travelling to work for working adults in family (minutes)	22	27

Notes: Estimates denote percentage, unless otherwise specified in the variable description.

Source: Family Resources Survey and HBAI dataset (2019/20) and Understanding Society (2014/15 - 2018/19), SMC analysis.

More positively, the proportion of working-age adults in poverty who were workless fell by 12 percentage points between 2000/01 and 2019/20.

Table 23: Changes over time in labour market opportunity domain of Lived Experience Indicators

	Proportion of people in poverty who have characteristic listed		
	This year	Change since last data (percentage point)	Change since earliest data (percentage point)
Proportion of working-age adults who are workless	52	-2	-12
Average time spent travelling to work for working adults in family (minutes)	22	-1	0

Notes: The Lived Experience Indicators use data from a range of survey years as not all questions are asked every year. See Annex 3 for details on the years that each of the indicators are drawn from. Estimates denote percentage, unless otherwise specified in the variable description.

Source: Family Resources Survey and HBAI dataset (2000/01 - 2019/20) and Understanding Society (2011/12 - 2018/19), SMC analysis.

Overall, these statistics begin to paint a picture of the wider experiences and challenges that people in poverty face, as well as the potential routes into and out of poverty. However, they are by no means comprehensive. More work is needed to develop a full suite of indicators that can comprehensively and regularly capture a better picture of the lived experience of people in poverty, how they compare to those who are not in poverty and how these experiences have been changing over time. As this happens, the Commission will review, build upon and constantly improve its approach to measuring the lived experience of poverty.

SECTION FOUR: DETAILED FACTSHEETS ON POVERTY BY AGE, AGE GROUP, DISABILITY STATUS AND FOR MEN AND WOMEN

POVERTY AMONGST WORKING-AGE ADULTS PRIOR TO THE PANDEMIC

There were 8.1 million working-age adults in poverty in the UK prior to the pandemic. This meant that the poverty rate for working-age adults (20%) was slightly lower than the poverty rate for the whole population (21%).

Figure 28: Composition of working-age adult poverty and working-age adult poverty rates in the UK, 2019/20

13.9 million people in poverty in the UK (2019/20), of which:

8,100,000



Working-age adults

Poverty rates in the UK (2019/20):

20%

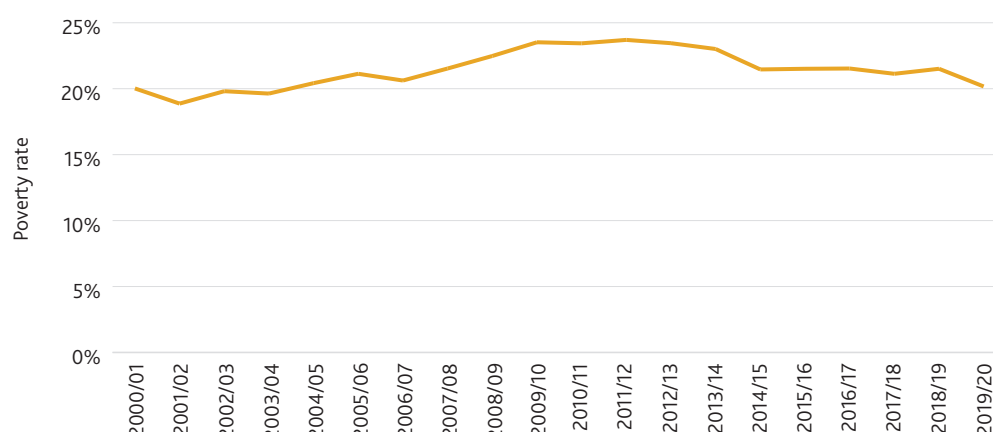
Of working-age adults are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 29 shows that, from a low of 20% in 2001/02, the poverty rate for working-age adults increased steadily to a peak of 23% between 2009/10 and 2011/12, before falling down to 20% in 2019/20. Overall, this means that the poverty rate for working-age adults prior to the pandemic was at around the same level as it was in the early 2000s.

Figure 29: Poverty rates for working-age adults, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: FAMILY TYPE

Figure 30 shows how poverty amongst working-age adults prior to the pandemic varied by the type of family in which they lived. It shows that the most prevalent family type for working-age adults in poverty was a single family with no children. Together with those in couple families with no children, this meant that more than half (54.5%) of working-age people in poverty lived in families without children.

Rates of poverty for working-age adults also varied between those in different family types. The lowest poverty rate for working-age adults was for those living in couple families without children (10%), while the rate for working-age adults in lone-parent families was almost five times as high (49%).

Figure 30: Composition of poverty and poverty rates in the UK for working-age adults, by family type, 2019/20

8.1 million working-age adults in poverty in the UK (2019/20), comprised of:

3,100,000



Working-age adults in single families with no children

900,000



Working-age adults in lone-parent families

1,300,000



Working-age adults in couple families with no children

2,700,000



Working-age adults in couple families with children

Poverty rates in the UK (2019/20):

25%

Of working-age adults in single families with no children are in poverty

49%

Of working-age adults in lone-parent families are in poverty

10%

Of working-age adults in couple families with no children are in poverty

22%

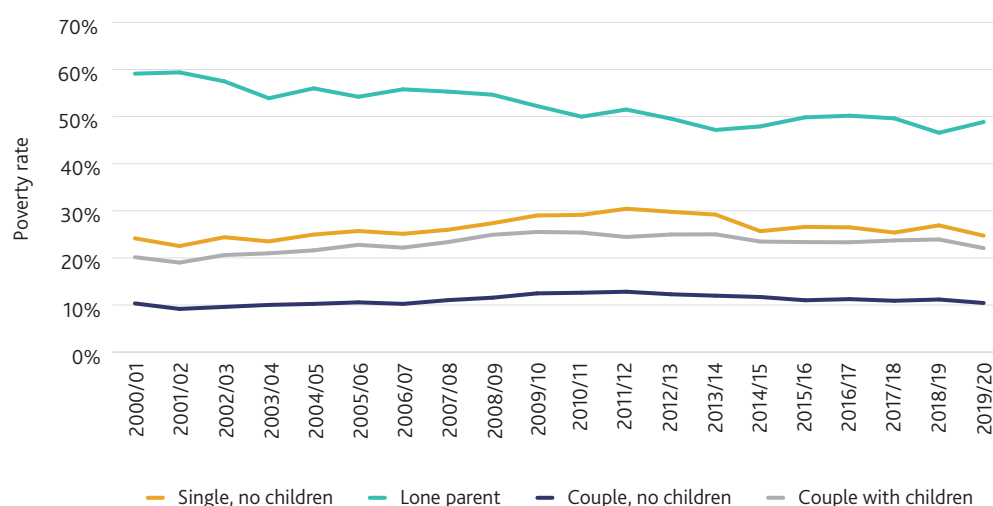
Of working-age adults in couple families with children are in poverty

Notes: Figures have been rounded, so may not sum perfectly. Family types taken from the HBAI dataset once SMC poverty indicators (assessed at the sharing unit level) have been allocated to each benefit unit. In the cases where there are working-age adults in pensioner families they are included in the aggregates, but not displayed in the breakdown above. This applies to all estimates for family type in this section.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 31 shows how poverty rates for working-age adults in different family types changed over time. It shows that, despite an uptick in the most recent data prior to the pandemic, poverty rates for working-age adults in lone-parent families fell considerably between 2000/01 and 2019/20 (by 11 percentage points). In contrast, poverty rates for working-age adults in couple families with children rose by two percentage points over the same period.

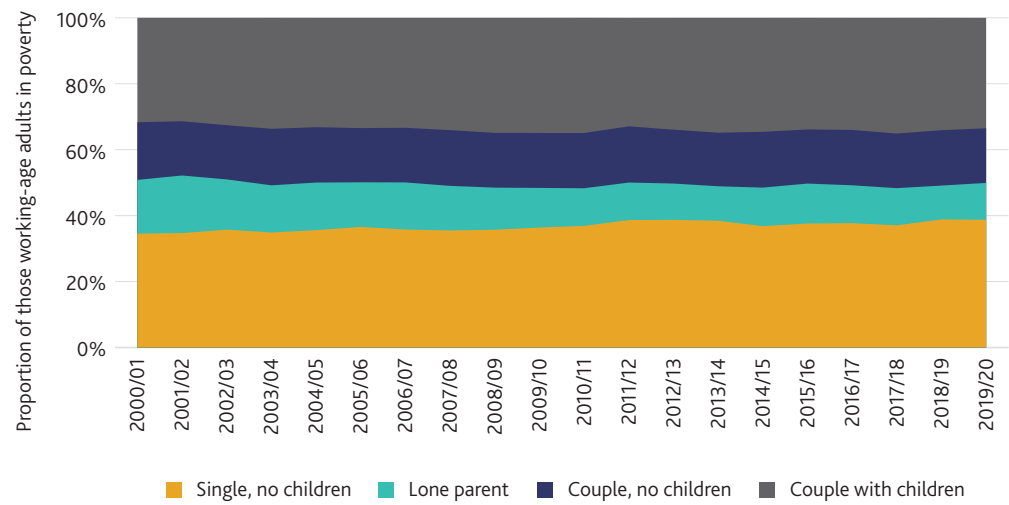
Figure 31: Poverty rates for working-age adults, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 32 shows what this meant for the composition of working-age adults in poverty by family type and how this changed over time. It shows that, between 2000/01 and 2019/20, working-age adults in childless families accounted for around half (or just more than half) of the total population of working-age adults in poverty. The proportion of working-age adults in poverty who lived in lone-parent families fell by five percentage points over the same period. In contrast, the proportion of working-age adults in poverty who lived in single childless families or couple families with children both rose.

Figure 32: Composition of working-age adults in poverty, by family type



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: FAMILY WORK STATUS

Figure 33 shows that 64.7% of working-age adults (5.2 million people) in poverty before the pandemic were in families where at least one person worked at least a few hours. However, the overall poverty rate for working-age individuals in workless families was significantly higher (72%) than that of those in families where someone worked. Less than one in ten (8%) working-age adults in families where all adults worked full-time were in poverty.

Figure 33: Composition of poverty and poverty rates in the UK for working-age adults, by family work status, 2019/20

8.1 million working-age adults in poverty in the UK (2019/20), comprised of:

1,900,000



Working-age adults in full-time work families

2,300,000



Working-age adults in full/part-time work families

1,100,000



Working-age adults in part-time work families

2,500,000



Working-age adults in workless families

Poverty rates in the UK (2019/20):

8%

Of working-age adults in full-time work families are in poverty

25%

Of working-age adults in full/part-time work families are in poverty

47%

Of working-age adults in part-time work families are in poverty

72%

Of working-age adults in workless families are in poverty

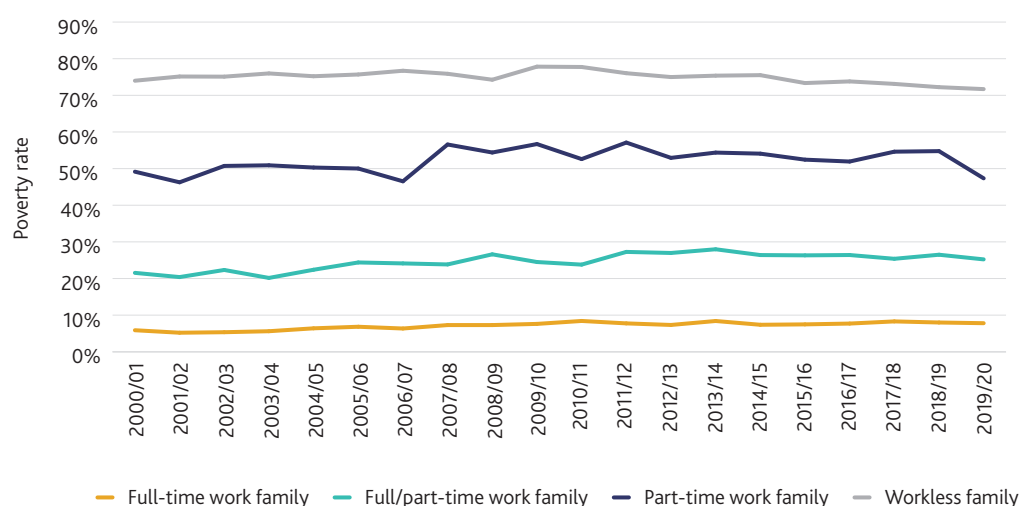
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Poverty rates for working-age adults in workless families fell from a peak of 78% in 2009/10 to stand at 72% in 2019/20. In contrast, poverty rates for working-age adults in full-time work families and full/part-time work families rose by two and four percentage points respectively between 2000/01 and 2019/20.

Prior to the pandemic, the most significant changes were seen for those in full/part-time work families. For these working-age adults, a gradual increase over the two decades prior to the pandemic had meant that poverty rates rose by four percentage points. The biggest change in the year prior to the pandemic was amongst working-age adults in part-time work families, where poverty rates fell by seven percentage points to return to a rate last seen in the early 2000s.

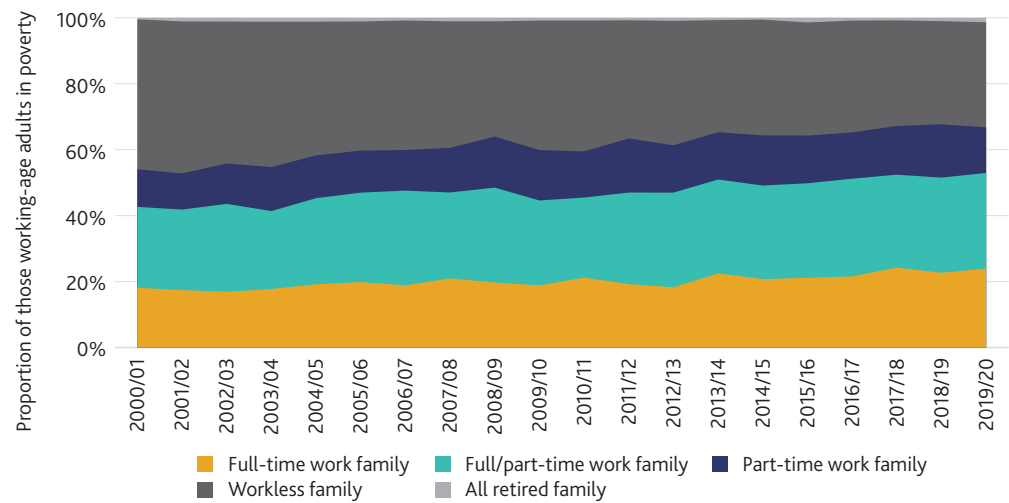
Figure 34: Poverty rates for working-age adults, by family work status, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

As well as differences in the changes in poverty rates, the overall population of working-age adults living in working families rose considerably between 2000/01 and 2019/20. In contrast, the number of working-age adults living in workless families had fallen. This rising number of people in employment and falling number of workless families had been a large driver of the composition of working-age poverty having shifted towards those in working families (figure 35). Whilst working-age adults in these newly working families might still have been in poverty prior to the pandemic, the Feature Section of the Commission's 2020 report shows that they were likely to have experienced shallower and less persistent poverty than would have been the case if they were in workless families.

Figure 35: Composition of working-age adults in poverty, by family work status



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: HOUSING TENURE

Figure 36 shows how the population of working-age adults in poverty prior to the pandemic was split between different tenure types. Seven in ten (70%) working-age adults in poverty lived in families in social-rented or private-rented accommodation. Poverty rates for working-age adults were also highest amongst families in these tenure types, with half (49%) of working-age adults in social-rented accommodation being in poverty, and nearly a third (30%) of those in private-rented accommodation.

Figure 36: Composition of poverty and poverty rates in the UK for working-age adults, by housing tenure, 2019/20

8.1 million working-age adults in poverty in the UK (2019/20), comprised of:

3,000,000



Working-age adults in social-rented accommodation

2,700,000



Working-age adults in private-rented accommodation

1,600,000



Working-age adults in mortgage-owned accommodation

800,000



Working-age adults in owned-outright accommodation

Poverty rates in the UK (2019/20):

49%

Of working-age adults in social-rented accommodation are in poverty

30%

Of working-age adults in private-rented accommodation are in poverty

10%

Of working-age adults in mortgage-owned accommodation are in poverty

9%

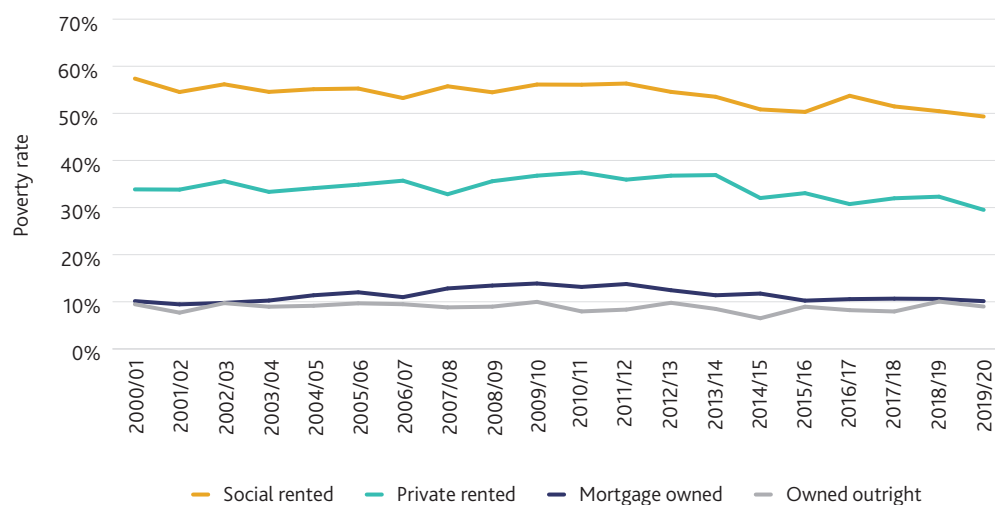
Of working-age adults in owned-outright accommodation are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

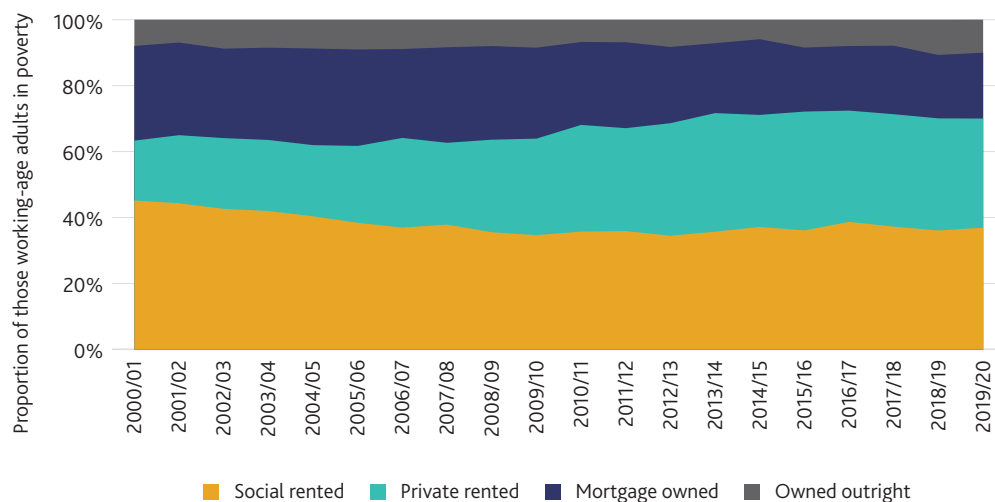
Figure 37 shows that poverty rates for working-age adults in social-rented accommodation fell by eight percentage points between 2000/01 and 2019/20. After rising (by three percentage points) between 2000/01 and 2013/14, poverty rates for working-age adults in private-rented accommodation fell by seven percentage points between 2013/14 and 2019/20. However, over the same period, there was a large shift towards living in the private-rented sector. This meant that a higher proportion of working-age adults in poverty lived in the sector in 2019/20 than in 2000/01.

Figure 37: Poverty rates for working-age adults, by housing tenure, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 38: Composition of working-age adults in poverty, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

POVERTY AMONGST WORKING-AGE ADULTS: FAMILY DISABILITY

Figure 39 shows that of the 8.1 million working-age adults in poverty prior to the pandemic, more than half (4.2 million) lived in a family that included a disabled adult or child. Rates of poverty for working-age adults living in families with a disabled person were far higher (30%) than those in families with no disabled person (15%).

Figure 39: Composition of poverty and poverty rates in the UK for working-age adults, by whether the family includes a disabled person, 2019/20

8.1 million working-age adults in poverty in the UK (2019/20), comprised of:

4,200,000



Working-age adults in families that include a disabled adult or child

3,900,000



Working-age adults in families that do not include a disabled adult or child

Poverty rates in the UK (2019/20):

30%

Of working-age adults in families that include a disabled adult or child are in poverty

15%

Of working-age adults in families that do not include a disabled adult or child are in poverty

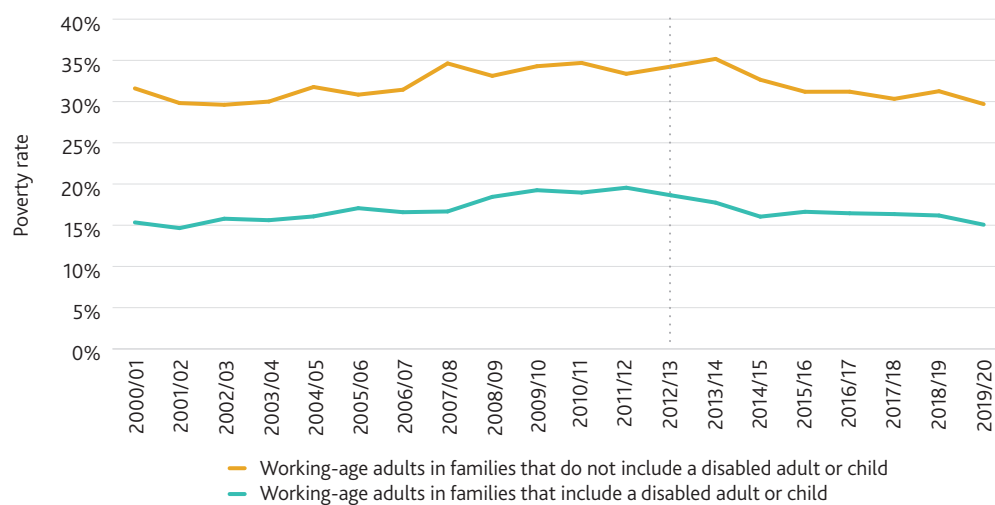
Notes: Figures have been rounded, so may not sum perfectly. The definition of disability changed to align with the core definition of disability under the Equality Act 2010 in 2012/13 but is otherwise consistent across years. Comparisons with years prior to 2012/13 should therefore be made with caution. This applies to all disability estimates in this section.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Poverty rates for working-age adults living in families with a disabled person fell following the financial crisis, when they peaked at 35% (2007/08) and stood at 30% prior to the pandemic, just below the rate as at the start of the 2000s.

In 2019/20, just over half (51%) of working-age individuals in poverty lived in a family where someone was disabled. This represents a 10-percentage point rise over the previous decade.

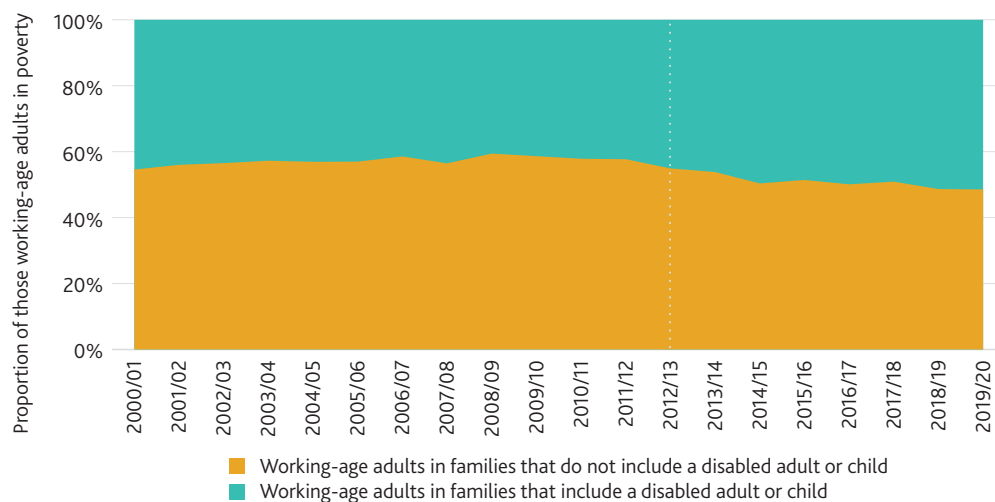
Figure 40: Poverty rates for working-age adults, by whether the family includes a disabled person, over time



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 41: Composition of working-age adults in poverty, by whether the family includes a disabled person



Notes: There was a change in definitions to align with Equality Act in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

CHILDREN IN POVERTY PRIOR TO THE PANDEMIC

Of the 13.9 million people in poverty in the UK prior to the pandemic, 4.4 million were children. The proportion of children in poverty (32%) was significantly above the rate for the whole population (21%).

Figure 42: The number of children in poverty and poverty rates amongst children in the UK, 2019/20

13.9 million people in poverty in the UK (2019/20), of which:

4,400,000



Children

Poverty rates in the UK (2019/20):

32%

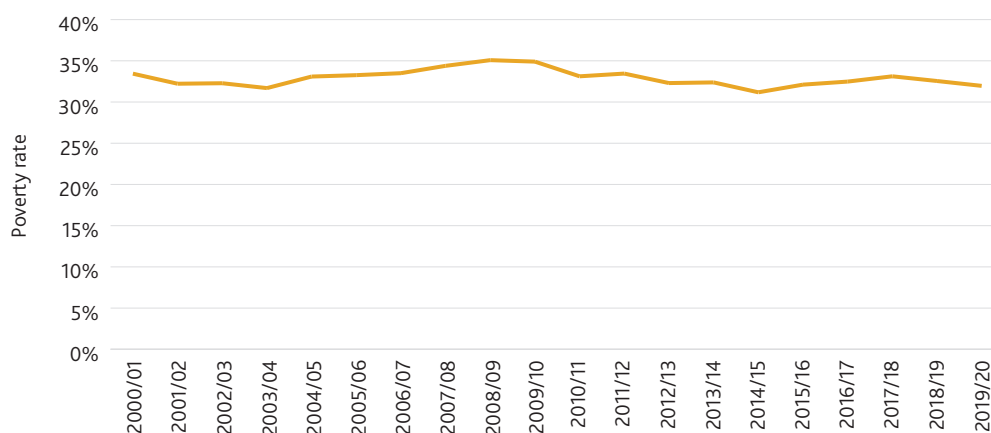
Of children are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 43 shows that, after falling following the financial crisis, the overall proportion of children in poverty was broadly similar prior to the pandemic to the rates seen in the early 2000s.

Figure 43: Poverty rates amongst children, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

CHILDREN IN POVERTY: FAMILY TYPE

Figure 44 shows that of the 4.4 million children in poverty prior to the pandemic, just under two thirds (63%) lived in couple families. However, poverty rates for children living in lone-parent families (49%) were almost twice as high as those living in couple families (26%).

Figure 44: Poverty rates and composition of poverty amongst children in the UK, by family type, 2019/20

4.4 million children in poverty in the UK (2019/20), comprised of:

1,700,000



Children in lone-parent families

2,800,000



Children in couple families

Poverty rates in the UK (2019/20):

49%

Of children in lone-parent families are in poverty

26%

Of children in couple families are in poverty

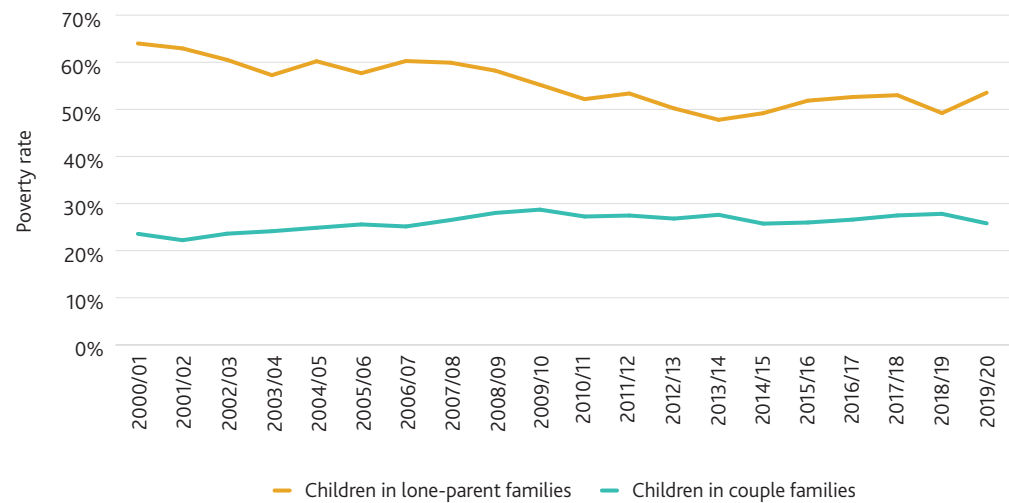
Notes: Figures have been rounded, so may not sum perfectly. Family types taken from the HBAI dataset once SMC poverty indicators (assessed at the sharing unit level) have been allocated to each benefit unit. Where one or more adult is pension age, the family type of the child is designated as 'pensioner couple' or 'pensioner single'. For this analysis these groups were included in couple and lone-parent families. This applies to all estimates for family type in this section.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Within the overall slight fall in poverty rates amongst children (seen in figure 45), different family types had different experiences. One of the major changes in UK poverty over the 15 years prior to the pandemic had been the fall in poverty amongst children living in lone-parent families. This fell from 63% being in poverty in 2000/01 to 54% in 2019/20. However, there was an increase of six percentage points between 2018/19 and 2019/20.

Poverty rates amongst children in couple families had changed less; after a rise of four percentage points in the pre-recession period, prior to the pandemic they stood at roughly the same rate as they did in 2008/09.

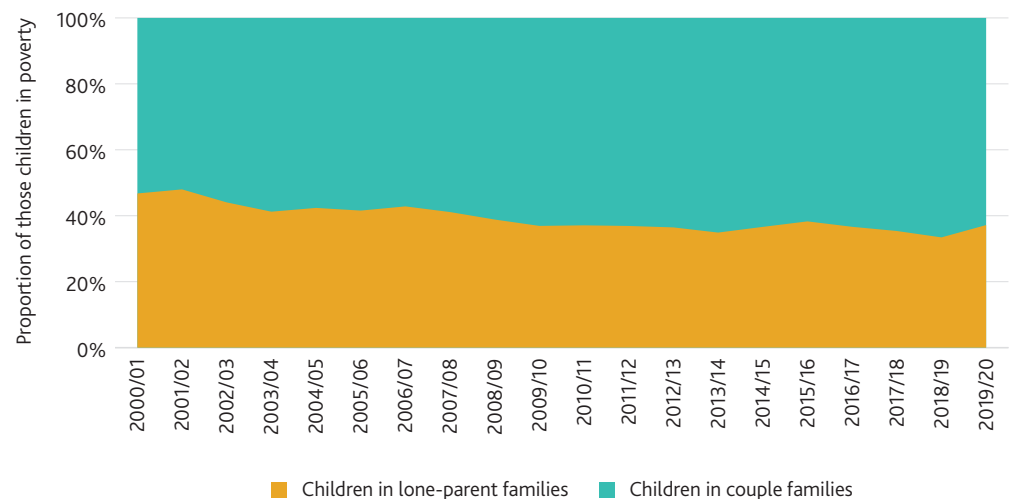
Figure 45: Poverty rates for children, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

The trends outlined above have also meant that the overall composition of children living in poverty has changed since 2000/01. Figure 46 shows that, despite a slight uptick in the most recent year of data prior to the pandemic, children living in couple families had formed an increasingly large overall proportion of children in poverty, representing 63% of children in poverty overall in 2019/20, compared to 53% in 2000/01.

Figure 46: Composition of poverty amongst children, by family type



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

CHILDREN IN POVERTY: FAMILY WORK STATUS

Figure 47 shows that of the 4.4 million children in poverty prior to the pandemic, 1.1 million (24%) were in families where all adults worked full time. The remaining 3.3 million children in poverty were in families that either mixed full- and part-time work, or where no one was in work. The poverty rate amongst children in workless families stood at 76% prior to the pandemic. Even where all adults worked full time, 14% of children in these families were in poverty.

Figure 47: Poverty rates and composition of poverty amongst children in the UK, by family work status, 2019/20

4.4 million children in poverty in the UK (2019/20), comprised of:

1,100,000



Children in full-time work families

1,700,000



Children in full/part-time work families

600,000



Children in part-time work families

1,100,000



Children in workless families

Poverty rates in the UK (2019/20):

14%

Of children in full-time work families are in poverty

43%

Of children in full/part-time work families are in poverty

76%

Of children in part-time work families are in poverty

75%

Of children in workless families are in poverty

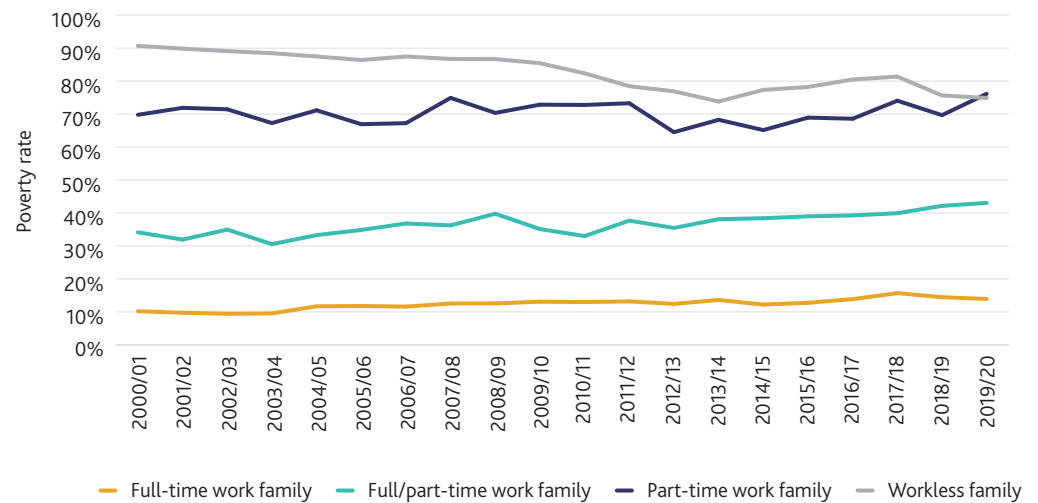
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 48 shows that poverty rates for children in workless families fell by 15 percentage points between 2000/01 and 2019/20. The data from the two years immediately before the pandemic also suggests that the slight upwards trend seen in poverty rates over the previous four years had been reversed.

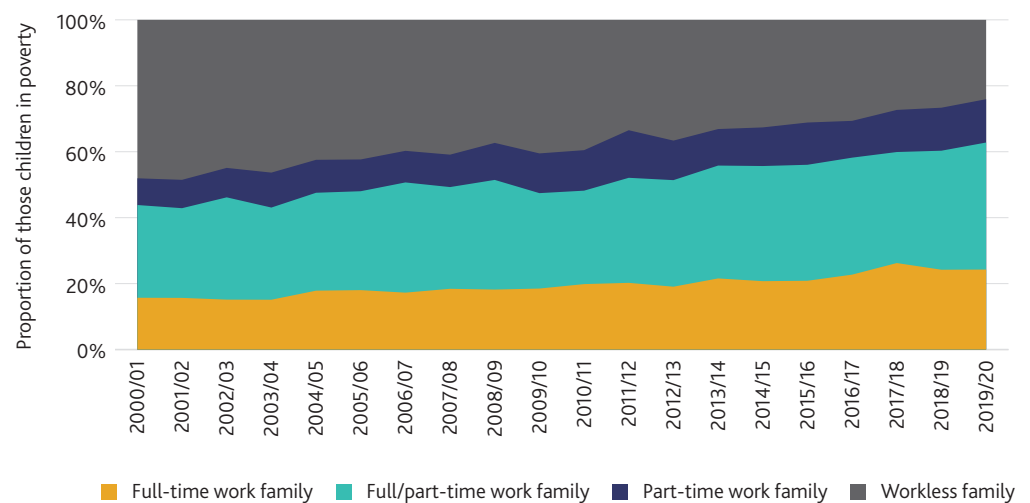
As is the case with poverty amongst working-age adults, a rising overall employment rate had led to the proportion of children in poverty who were in families with someone in work increasing over time. Figure 49 shows that in 2000/01, 52% of children in poverty lived in a family where someone was in work. By 2019/20, this figure had risen to 76%. Whilst children in these newly working families might still have been in poverty, the Feature Section in the Commission's 2020 report shows that they were likely to be experiencing shallower and less persistent poverty than would have been the case if they had been in workless families.^{xvii}

Figure 48: Poverty rates for children, by family work status, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 49: Composition of children in poverty, by family work status



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

CHILDREN IN POVERTY: HOUSING TENURE

Figure 50 breaks down the number of children living in poverty in the UK prior to the pandemic by the housing tenure of the child's family. It shows that almost three in four (71%) children in poverty lived in families in social- or private-rented accommodation. The rates of poverty for these two tenures were also significantly higher than for children who lived in families in owner-occupied accommodation. For example, almost six in ten (59%) children living in families in social-rented accommodation were in poverty. In contrast, 12% of children living in families in owned-outright accommodation were in poverty.

Figure 50: Poverty rates and composition of poverty amongst children in the UK, by housing tenure, 2019/20

4.4 million children in poverty in the UK (2019/20), comprised of:

1,800,000



Children in social-rented accommodation

1,400,000



Children in private-rented accommodation

1,100,000



Children in mortgage-owned accommodation

100,000



Children in owned-outright accommodation

Poverty rates in the UK (2019/20):

59%

Of children in social-rented accommodation are in poverty

47%

Of children in private-rented accommodation are in poverty

17%

Of children in mortgage-owned accommodation are in poverty

12%

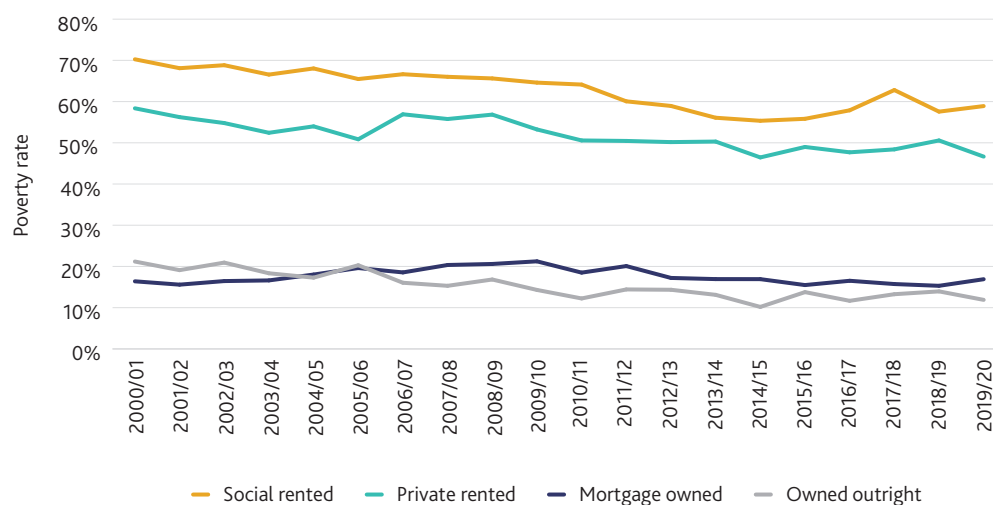
Of children in owned-outright accommodation are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 51 shows that rates of poverty fell for children in all housing tenures between 2000/01 and 2019/20, except for those living in mortgage-owned properties, where rates increased by one percentage point over the same period.

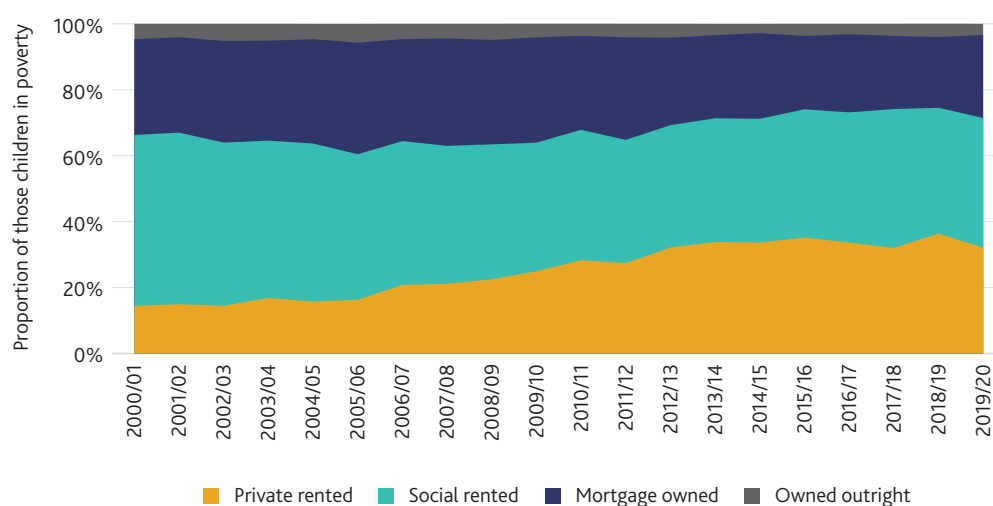
Figure 51: Poverty rates amongst children, by housing tenure, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 52 demonstrates significant shifts in the composition of children living in poverty between 2000/01 and 2019/20, with a significant rise (18 percentage points) in the proportion of children in poverty who lived in private-rented accommodation. This was offset by large reductions in the proportion accounted for by children in poverty in the social-rented sector (12 percentage points) and mortgage-owned accommodation (four percentage points). Section three explores this trend towards the private-rented sector in overall poverty in more detail.

Figure 52: Composition of poverty amongst children, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

CHILDREN IN POVERTY: FAMILY DISABILITY

Of the 4.4 million children in poverty in the UK prior to the pandemic, 1.9 million (43%) were living in a family that included a disabled person. Prior to the pandemic, 40% of children living in a family where someone is disabled were in poverty. In families with no disabled person, this figure was 29%.

Figure 53: Poverty rates and composition of poverty amongst children in the UK, by whether the family includes a disabled person, 2019/20

4.4 million children in poverty in the UK (2019/20), comprised of:

1,900,000



Children in families that include a disabled adult or child

2,600,000



Children in families that do not include a disabled adult or child

Poverty rates in the UK (2019/20):

40%

Of children in families that include a disabled adult or child are in poverty

29%

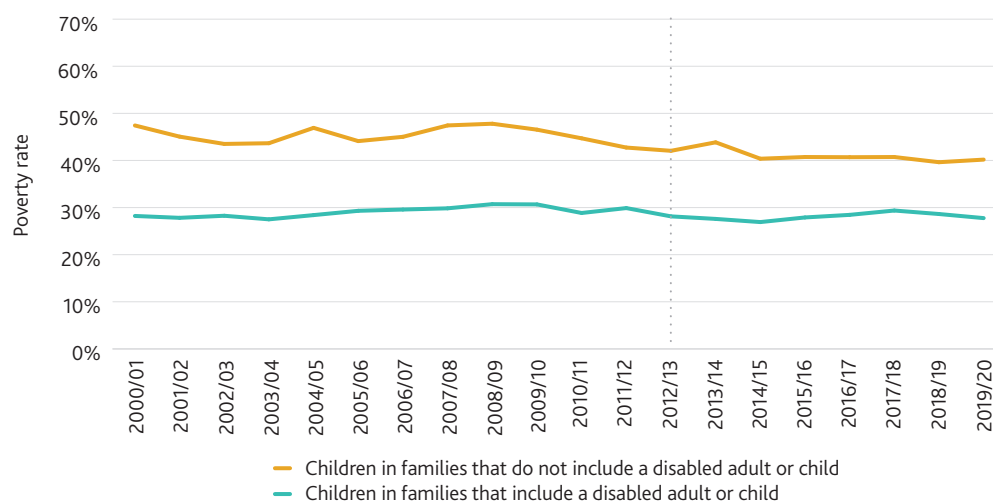
Of children in families that do not include a disabled adult or child are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 54 shows that poverty rates for children in families with a disabled person fell by seven percentage points between 2000/01 and 2019/20. Despite this fall in the rate of poverty, figure 55 shows that the proportion of all children in poverty comprised of children living in families that included a disabled person had increased significantly in the decade to 2019/20 (by around eight percentage points).

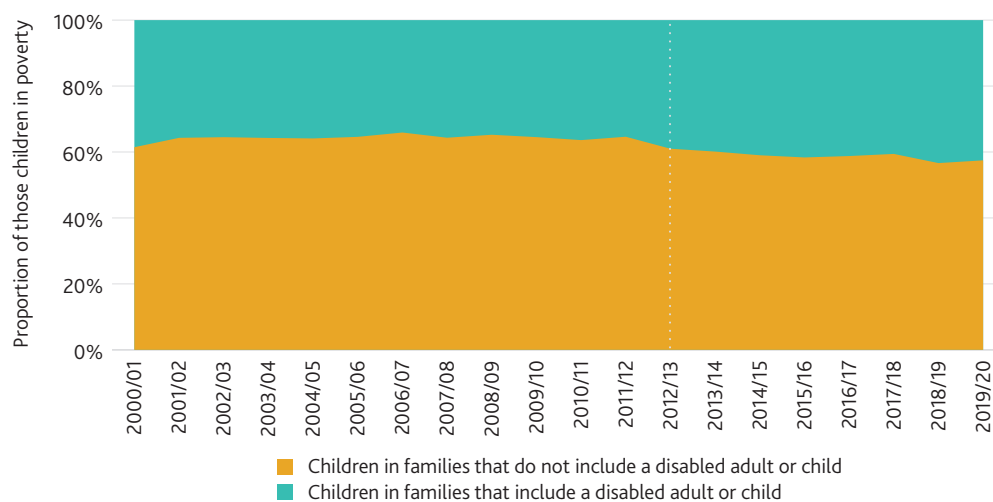
Figure 54: Poverty rates amongst children, by whether the family includes a disabled person, over time



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 55: Composition of poverty amongst children, by whether the family includes a disabled person



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

CHILDREN IN POVERTY: AGE OF YOUNGEST CHILD

More than half of the 4.4 million children in poverty in the UK prior to the pandemic lived in a family where the youngest child was under the age of five. Poverty rates for this group of children were also higher, standing at 38%, compared to between 28% and 27% for children living in families where the youngest child was over the age of five.

Figure 56: Poverty rates and composition of poverty amongst children in the UK, by age of youngest child in family, 2019/20

4.4 million children in poverty in the UK (2019/20), comprised of:

2,300,000



Children in families where the youngest child is under 5

1,600,000



Children in families where the youngest child is aged between 5 and 11

600,000



Children in families where the youngest child is aged over 12

Poverty rates in the UK (2019/20):

38%

Of children in families where the youngest child is aged under 5 are in poverty

28%

Of children in families where the youngest child is aged between 5 and 11 are in poverty

27%

Of children in families where the youngest child is aged over 12 are in poverty

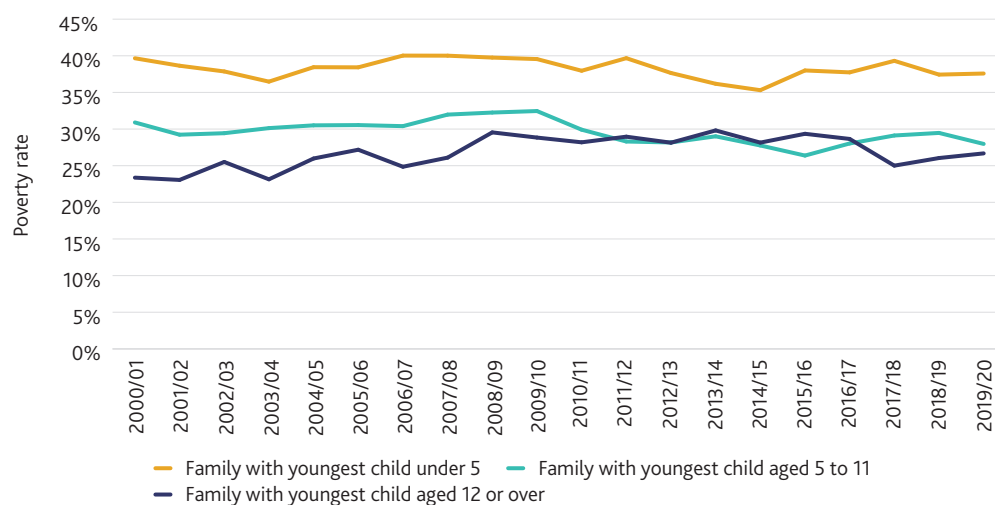
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 57 shows that the five years to 2019/20 saw a modest rise in the rates of poverty for children who lived in families where the youngest child was under 12 years old. However, rates of poverty amongst these children were still slightly lower than they were in 2000/01.

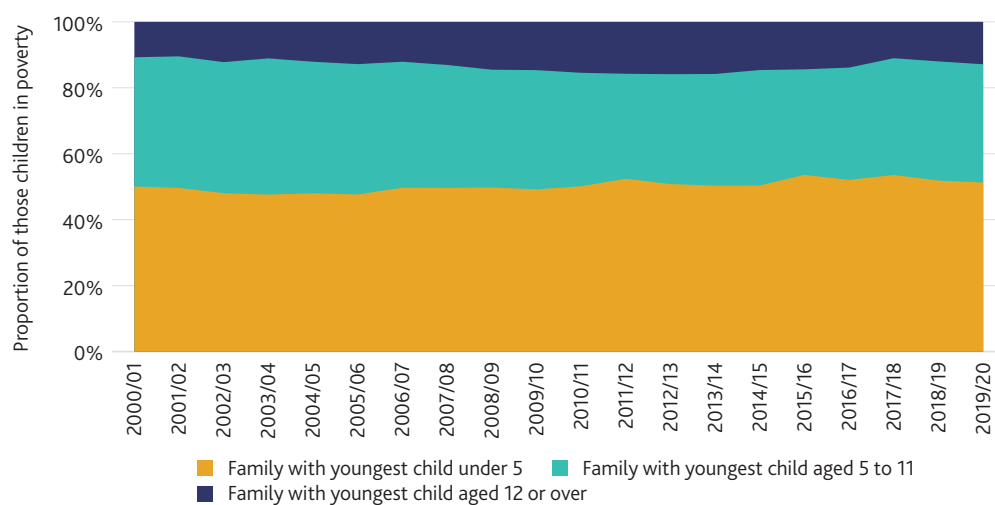
In contrast, poverty rates amongst children who lived in families where the oldest child was aged 12 or over rose by seven percentage points between 2000/01 and 2013/14, but then fell by three percentage points in the years to 2019/20.

Figure 57: Poverty rates amongst children, by age of youngest child in the family, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 58: Composition of poverty amongst children, by age of youngest child in the family



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

CHILDREN IN POVERTY: NUMBER OF CHILDREN

More than four in ten (46%) of the 4.4 million children in poverty in the UK prior to the pandemic lived in a family with three or more children. Poverty rates for this group of children were also higher, standing at 50% compared to 25% for children living in families where they were the only child, or 24% where there were two children.

Figure 59: Poverty rates and composition of poverty amongst children in the UK, by number of children in family, 2019/20

4.4 million children in poverty in the UK (2019/20), comprised of:

900,000



Children in families with one child

1,600,000



Children in families with two children

2,000,000



Children in families with three or more children

Poverty rates in the UK (2019/20):

25%

Of children in families with one child are in poverty

24%

Of children in families with two children are in poverty

50%

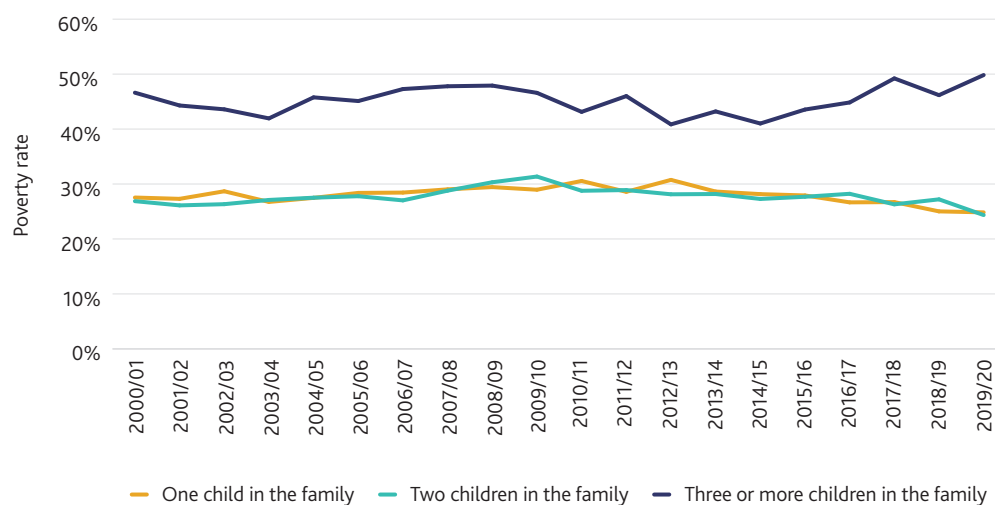
Of children in families with three or more children are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

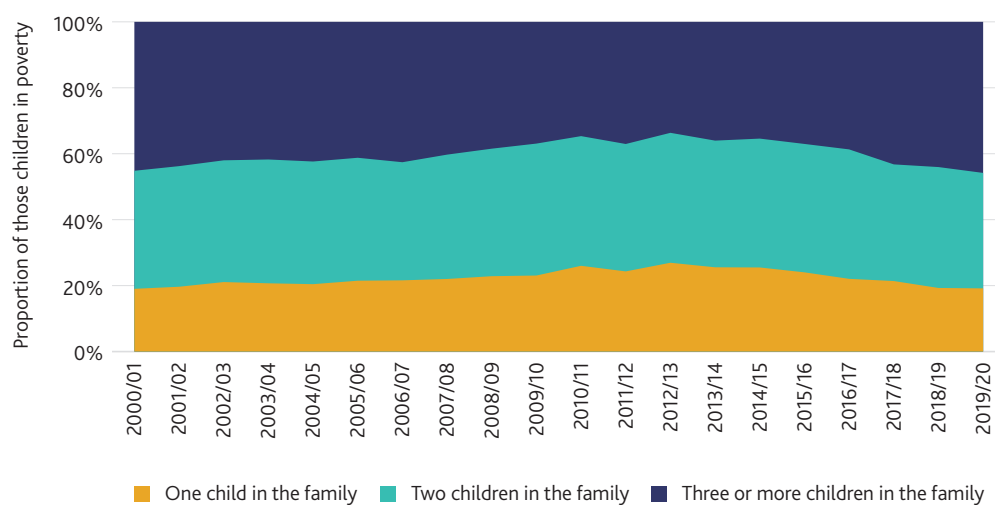
Figure 60 shows that, prior to the pandemic, rates of poverty for children varied depending on the number of children in the family. Since 2000/01, children in families with three or more children have consistently had higher rates of poverty than those in families with fewer children. However, while the poverty rates for children in one- and two-child families had remained relatively stable between 2000/01 and 2019/20, poverty rates for those in families with three or more children fell by five percentage points between 2000/01 and 2012/13, before rising by nine percentage in the years to 2019/20. The changing rate of poverty for this group was also reflected in similar shifts in the composition of poverty for children in different sized families.

Figure 60: Poverty rates amongst children, by number of children in the family, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 61: Composition of poverty amongst children, by number of children in the family



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS

Of the 13.9 million people in poverty in the UK prior to the pandemic, 1.4 million were pension-age adults. This meant that the poverty rate (12%) for pension-age adults was just under half that of the whole population (21%) and a third of that of children (32%).

Figure 62: Composition of pension-age poverty and pension-age poverty rates in the UK, 2019/20

13.9 million people in poverty in the UK (2019/20), of which:

1,400,000



Pension-age adults

Poverty rates in the UK (2019/20):

12%

Of pension-age adults are in poverty

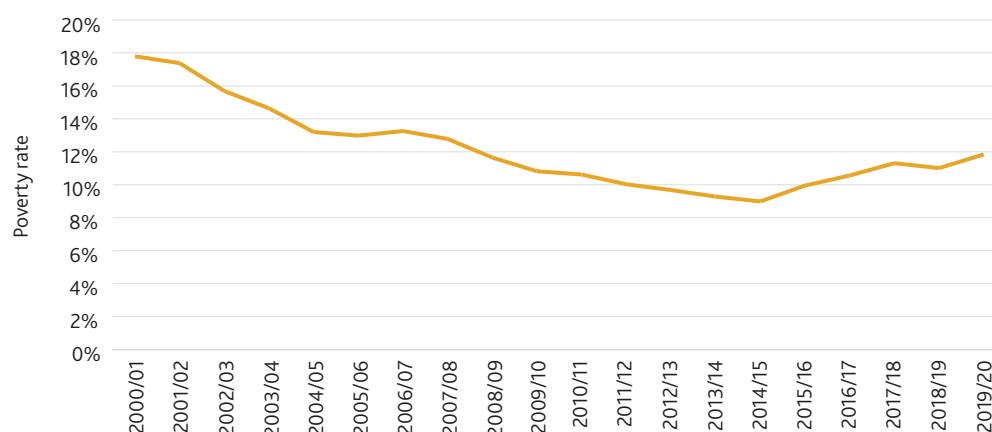
Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Between 2000/01 and 2019/20, the overall rate and level of pension-age adults in poverty fell significantly. From 18% in 2000/01, the overall pensioner poverty rate fell to 9% in 2013/14 and 2014/15.

However, between 2014/15 and 2019/20, the poverty rate for pension-age adults rose by three percentage points to 12%. If the poverty rate had been the same in 2019/20 as it was in 2014/15, the number of pension-age adults in poverty would have been more than 300,000 lower.

Figure 63: Poverty rates for pension-age adults, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS: FAMILY TYPE

Of the 1.4 million pension-age adults in poverty prior to the pandemic, 800,000 were single. The remaining 600,000 lived in couple families. Poverty rates for single pension-age adults (17%) were eight percentage points higher than those for pension-age adults living in couple families.

Figure 64: Composition of poverty and poverty rates in the UK for pension-age adults, by family type, 2019/20

1.4 million pension-age adults in poverty in the UK (2019/20), comprised of:

800,000



Pension-age adults in single families

600,000



Pension-age adults in couple families

Poverty rates in the UK (2019/20):

17%

Of pension-age adults in single families are in poverty

9%

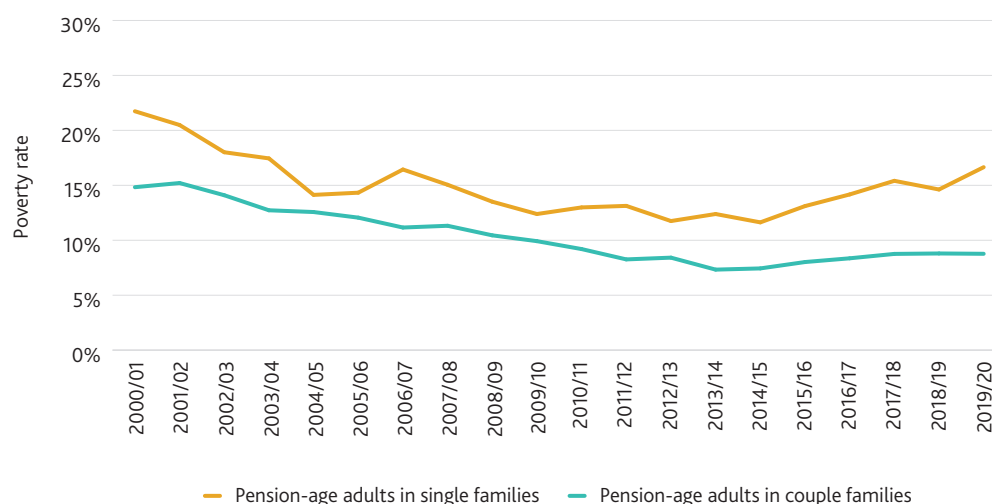
Of pension-age adults in couple families are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 65 demonstrates that poverty rates for pension-age adults living in all family types were significantly lower in 2019/20 than they were in 2000/01. However, rates of poverty amongst pension-age adults in both single and couple families rose between 2013/14 and 2019/20.

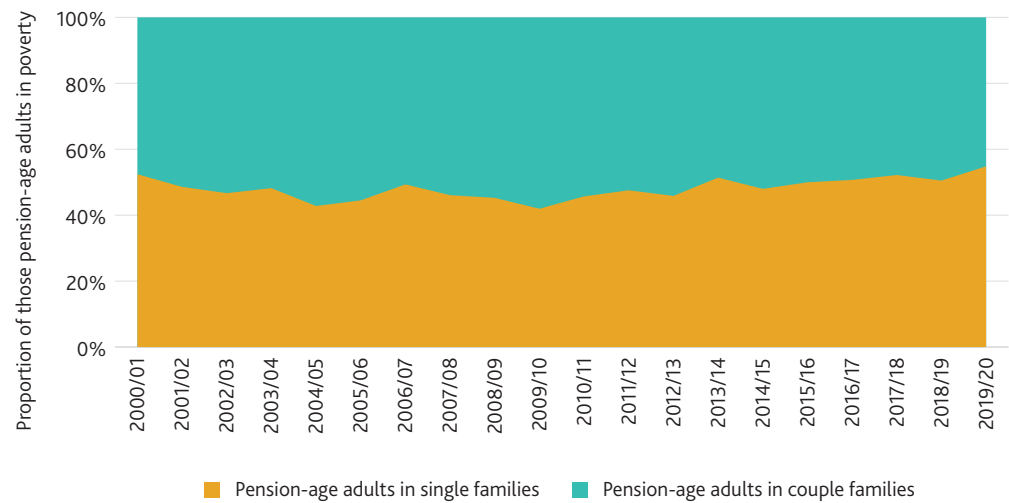
Figure 65: Poverty rates for pension-age adults, by family type, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 66 shows that, overall, the composition of pension-age poverty shifted slightly away from those in single families between 2000/01 and 2019/20. In 2000/01, 52% of pension-age adults in poverty lived in single families. In 2019/20 this stood at 55%.

Figure 66: Composition of pension-age adults in poverty, by family type



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS: HOUSING TENURE

Of the 1.4 million pension-age adults in poverty prior to the pandemic, just under half lived in social- or private-rented accommodation. Another 700,000 lived in accommodation that was owned outright. Poverty rates for pension-age adults were far higher for those living in social-rented (30%) or private-rented accommodation (28%) than they were for those in owned-outright accommodation (7%).

Figure 67: Composition of poverty and poverty rates in the UK for pension-age adults, by housing tenure, 2019/20

1.4 million pension-age adults in poverty in the UK (2019/20), comprised of:

500,000



Pension-age adults in social-rented accommodation

200,000



Pension-age adults in private-rented accommodation

100,000



Pension-age adults in mortgage-owned accommodation

700,000



Pension-age adults in owned-outright accommodation

Poverty rates in the UK (2019/20):

30%

Of pension-age adults in social-rented accommodation are in poverty

28%

Of pension-age adults in private-rented accommodation are in poverty

15%

Of pension-age adults in mortgage-owned accommodation are in poverty

7%

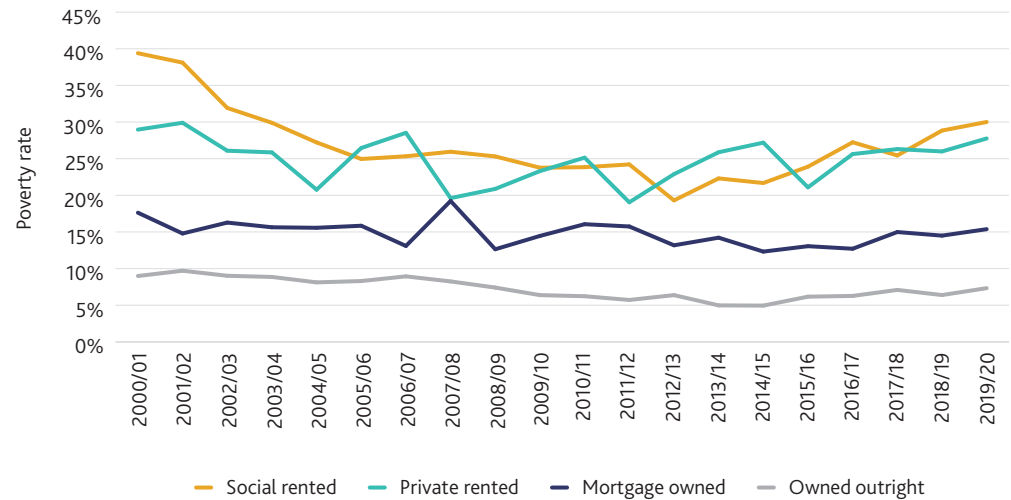
Of pension-age adults in owned-outright accommodation are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 68 shows dramatic falls in poverty rates between 2000/01 and 2012/13 for pension-aged adults living in social- (21 percentage points) and private-rented (6 percentage points) accommodation. However, these both rose in the years to 2019/20, with poverty rates for those in the social-rented sector rising by eleven percentage points and for those in the private-rented sector by five percentage points.

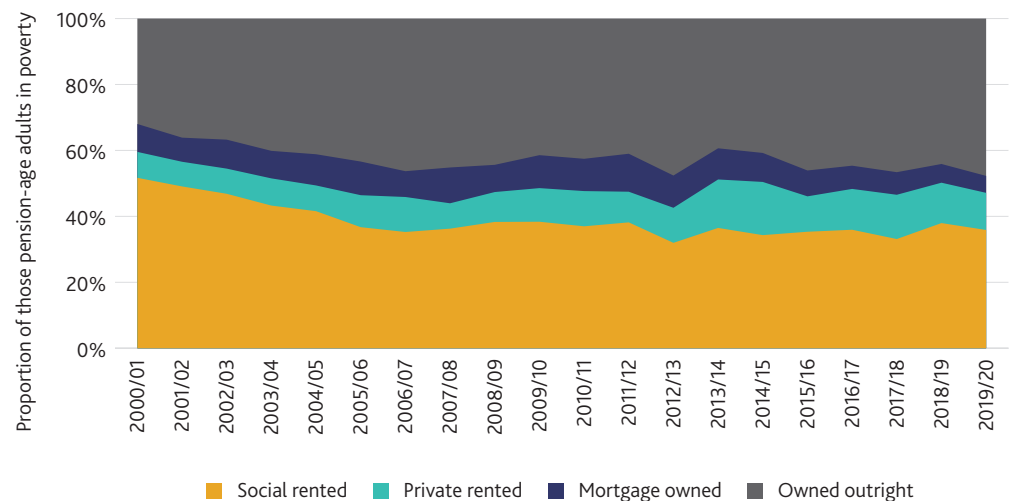
Figure 68: Poverty rates for pension-age adults, by housing tenure, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Large reductions in poverty rates for pension-age adults living in social-rented accommodation were also reflected in the composition of poverty amongst pension-age adults. Figure 69 shows that the proportion of pension-age poverty accounted for by people in social-rented accommodation fell by 16 percentage points between 2000/01 and 2019/20. In contrast, the proportion of pension-age adults in poverty accounted for by those in private rented accommodation rose by three percentage points (driven by an increase in the population in this tenure type) and by 16 percentage points for those in owned-outright accommodation.

Figure 69: Composition of pension-age adults in poverty, by housing tenure



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS: FAMILY DISABILITY

Of the 1.4 million pension-age adults in poverty prior to the pandemic, 900,000 lived in families that included a disabled person. As with working-age adults and children, pension-age adults who lived in a family where someone was disabled had higher poverty rates (13%) than those who lived in a family where no one was disabled (10%).

Figure 70: Composition of poverty and poverty rates in the UK for pension-age adults, by whether the family includes a disabled person, 2019/20

1.4 million pension-age adults in poverty in the UK (2019/20), comprised of:

900,000



Pension-age adults in families that include a disabled adult or child

500,000



Pension-age adults in families that do not include a disabled adult or child

Poverty rates in the UK (2019/20):

13%

Of pension-age adults in families that include a disabled adult or child are in poverty

10%

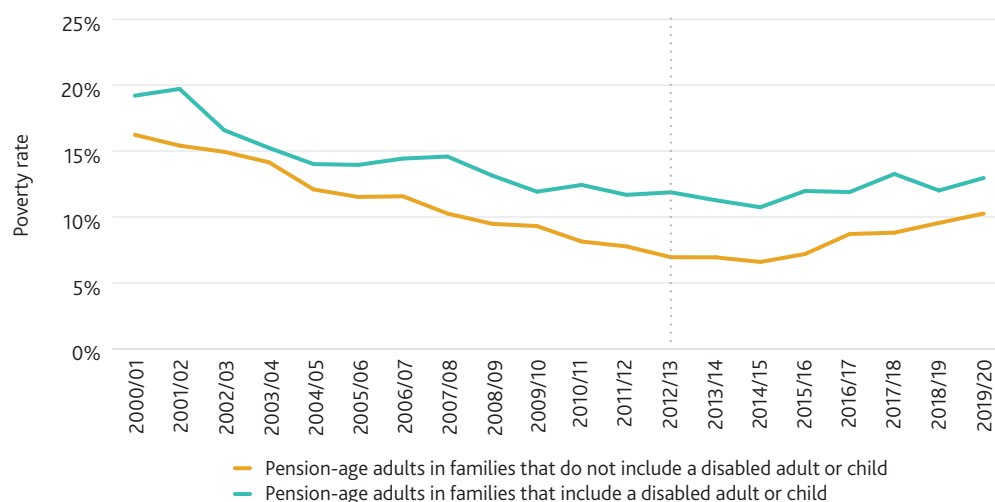
Of pension-age adults in families that do not include a disabled adult or child are in poverty

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Almost two thirds (64%) of pensioners in poverty lived in families that included a disabled person. Figure 71 shows that this had risen from 61% in 2000/01. Poverty rates for pensioners living in both families with or without a disabled person fell significantly between 2000/01 and 2019/20. Poverty rates fell by 9 percentage points for pensioners living in families with no disabled person between 2000/01 and 2014/15 and by 8 percentage points for pensioners living in families with a disabled person over the same period. However, there was a slight rise for both groups in the years to 2019/20.

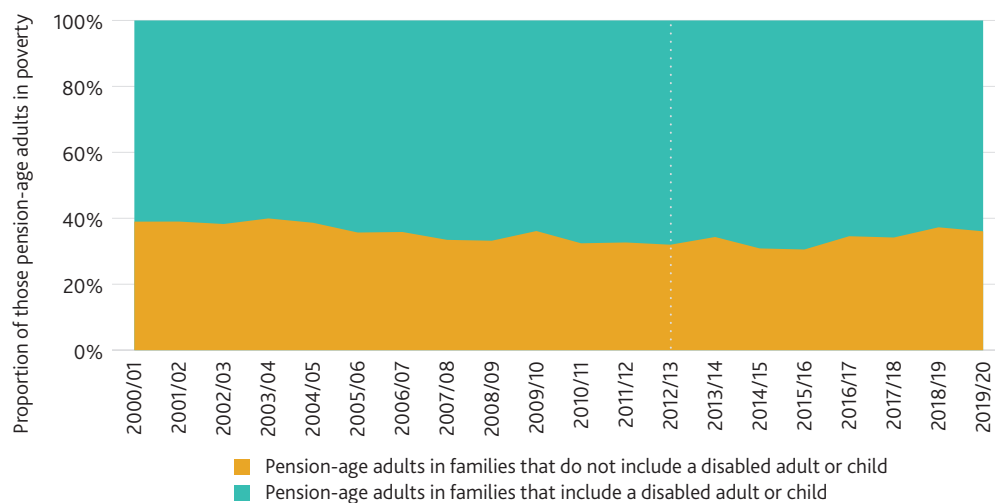
Figure 71: Poverty rates for pension-age adults, by whether the family includes a disabled person, over time



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 72: Composition of pension-age adults in poverty, by whether the family includes a disabled person



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

POVERTY AMONGST PENSION-AGE ADULTS: DETAILED BREAKDOWN BY AGE

Poverty amongst pension-age adults can also be split by pension-age families of different ages. This section considers the composition of poverty amongst pension-age adults and rates of poverty by the age of the oldest adult in the pension-age family. Figure 73 shows that more than four in ten (41%) pension-age adults in poverty prior to the pandemic lived in families with the eldest member aged over 75. It also shows that poverty rates were highest amongst the youngest pension-age families.

Figure 73: Composition of pension-age poverty and pension-age poverty rates in the UK, by age of oldest person in family 2019/20

1.4 million pension-age adults in poverty in the UK (2019/20), comprised of:

400,000



Pension-age adults in families where the eldest member is 70 and below

400,000



Pension-age adults in families where the eldest member is 71-75

200,000



Pension-age adults in families where the eldest member is 76-80

400,000



Pension-age adults in families where the eldest member is 80 or above

Poverty rates in the UK (2019/20):

13%

Of pension-age adults in families where the eldest member is 70 and below are in poverty

13%

Of pension-age adults in families where the eldest member is 71-75 are in poverty

10%

Of pension-age adults in families where the eldest member is 76-80 are in poverty

11%

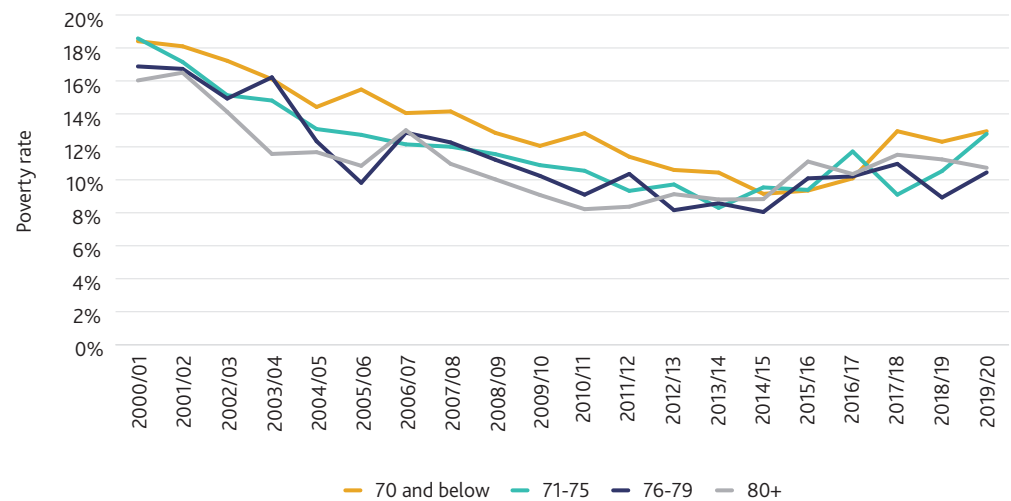
Of pension-age adults in families where the eldest member is 80 or above are in poverty

Notes: Figures have been rounded, so may not sum perfectly. In some years, adults under 65 can still be classified as pension- aged due to the gradual increase of the pension age for women. This applies to all estimates for pension-age adults in this section.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

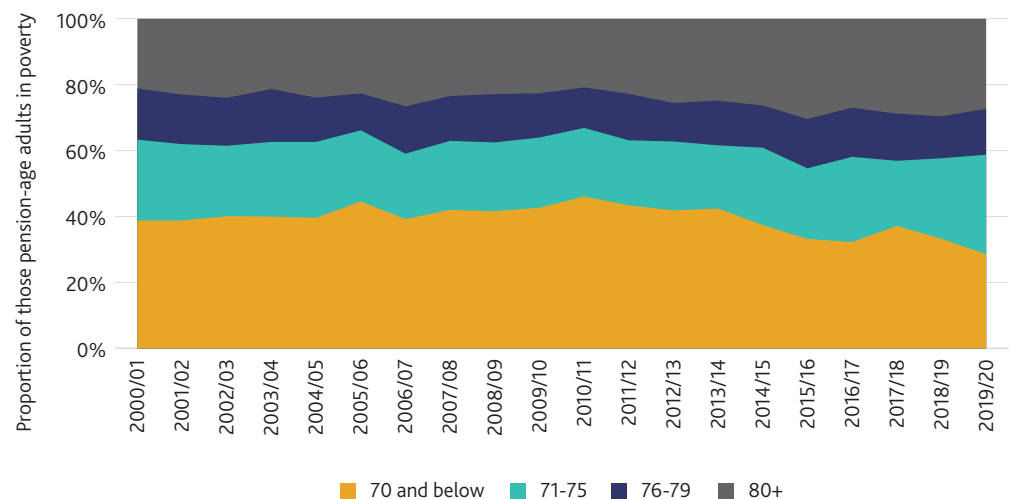
Figure 74 shows that poverty rates for pension-age adults in all ages of family were lower in 2019/20 than they were in 2000/01. The most significant improvements were seen amongst those families with the eldest member aged over 70. For example, for those with the eldest member aged between 71 and 75, poverty rates fell by six percentage points (from 19% to 13%) between 2000/01 and 2019/20. Despite this overall reduction since 2000/01, poverty rates were higher in 2019/20 than they were in 2014/15 for pension-age adults, regardless of the age of the eldest member of the family.

Figure 74: Poverty rates for pension-age adults, by age of eldest person in the family, over time



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis.

Figure 75: Composition of pension-age adults in poverty, by age of eldest person in the family



Source: Family Resources Survey and HBAI dataset (1998/99 - 2019/20), SMC analysis

POVERTY AMONGST INDIVIDUALS, BY AGE GROUP

One in five (20% or 2.8 million people) of those in poverty prior to the pandemic were aged 10 and under. Poverty rates were also highest for these age groups, with a third (34%) of those aged four and under and almost a third of those aged between five and 10 (31%) and 11 and 15 (31%) being in poverty. Poverty rates fall fairly consistently as age increases, with just one in ten of those aged 75 and over being in poverty in 2019/20.

Table 24: Composition of poverty and poverty rates in the UK, by age group, 2019/20

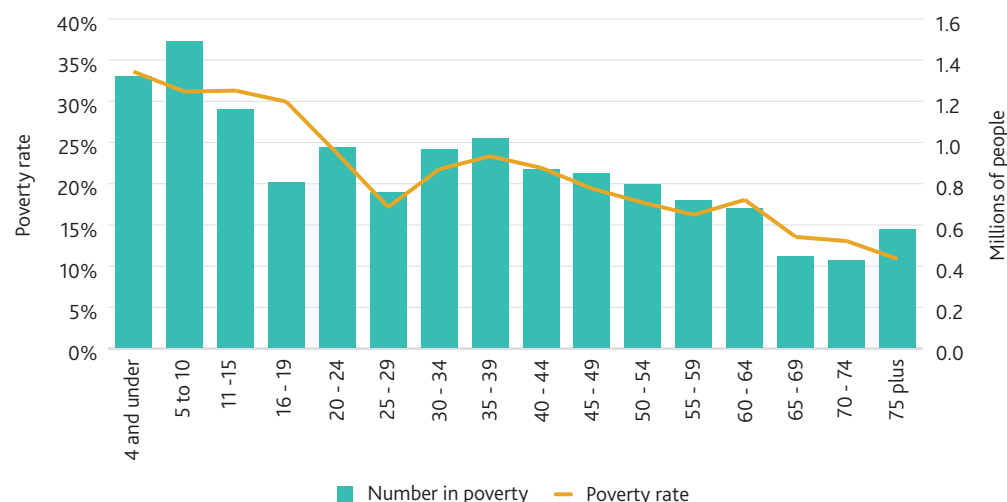
14.4 million people in poverty in the UK (2019/20), comprised of:		Poverty rates in the UK (2019/20) for people:	
1,300,000	people aged under 4	Aged 4 and under	34 %
1,500,000	people aged 5 - 10	Aged 5 - 10	31 %
1,200,000	people aged 11 -15	Aged 11 -15	31 %
800,000	people aged 15 - 19	Aged 15 - 19	30 %
1,000,000	people aged 20 - 24	Aged 20 - 24	24 %
800,000	people aged 25 - 29	Aged 25 - 29	17 %
1,000,000	people aged 30 - 34	Aged 30 - 34	22 %
1,000,000	people aged 35 - 39	Aged 35 - 39	23 %
900,000	people aged 40 - 44	Aged 40 - 44	22 %
800,000	people aged 45 - 49	Aged 45 - 49	19 %
800,000	people aged 50 - 54	Aged 50 - 54	18 %
700,000	people aged 55 - 59	Aged 55 - 59	16 %
700,000	people aged 60 - 64	Aged 60 - 64	18 %
400,000	people aged 65 - 69	Aged 65 - 69	14 %
400,000	people aged 70 - 74	Aged 70 - 74	13 %
600,000	people aged 75 plus	Aged 75 plus	11 %

Notes: Figures have been rounded, so may not sum perfectly.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 76 Poverty rates and number in poverty for the UK population, by age group (2019/20)

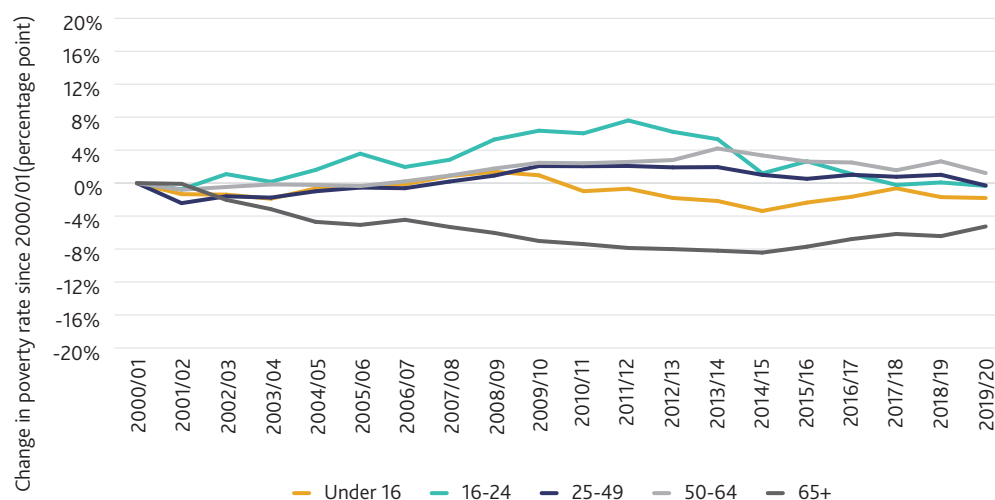
Figure 76 demonstrates how poverty rates for individuals fall steadily throughout the lifetime.



Source: Family Resources Survey and HBAI dataset (2019/20), SMC Analysis.

Figure 77 shows how poverty rates have changed for different age groups over time. Results are condensed into wider age groups, for ease of presentation (full results can be found in the data tables that accompany this report). The figure shows that people aged 65 and over saw significant falls in poverty rates between 2000/01 and 2014/15, then saw poverty rates rise in the years to 2019/20. For those aged under 16, poverty rates fell in the early 2000s, before stagnating and then rising during the financial crisis. Since then, poverty rates fell sharply until 2014/15, before rising between then and 2017/18. The most recent two years of data saw a reversal of this trend. In contrast, poverty rates for those aged 16-24 rose sharply between 2000/01 and 2011/12 (when they were eight percentage points higher than in 2000/01), but have fallen back to 2000/01 rates in 2019/20.

Figure 77: Change in poverty rates since 2000/01, by age group



Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC Analysis.

POVERTY AMONGST MEN AND WOMEN

Poverty rates for men (17%) were slightly lower than they are for women (19%) prior to the pandemic, with about one in five of each group living in poverty in 2019/20. This means that of the 9.4 million people aged 16 and over in poverty in 2019/20, there were just over 5 million women in poverty compared to around 4.3 million men.

Figure 78: Composition of poverty and poverty rates in the UK, by men and women, 2019/20

9.4 million people aged 16 and over in poverty in the UK (2019/20), comprised of:

5,100,000



Women

4,300,000



Men

Poverty rates in the UK (2019/20):

19%

Of women are in poverty

17%

Of men are in poverty

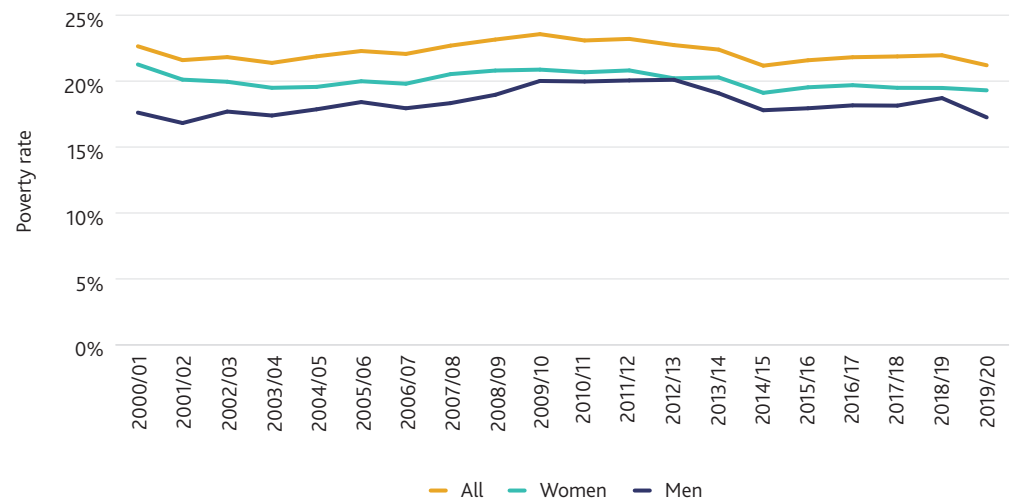
Notes: Figures have been rounded, so may not sum perfectly. Estimates for men and women apply to people aged 16 and over. This applies to all estimates in this section.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 79 shows that after rising slightly in the 2000s and peaking in 2012/13, poverty rates for men fell back to their pre-financial crisis levels by 2019/20. In contrast, apart from a moderate rise during the financial crisis and recession, poverty rates for women had fallen slowly, but steadily, over the two decades prior to the pandemic, and ended two percentage points lower in 2019/20 (19%) than they were in 2000/01 (21%).

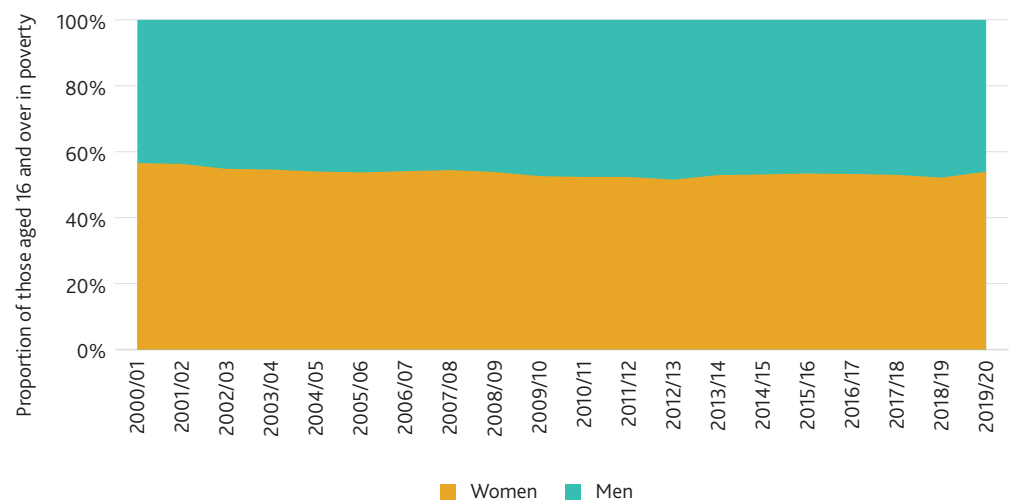
The composition of poverty had also shifted slightly away from women (54% of the total in 2019/20, compared to 56% in 2000/01) and towards men (46% of the total in 2019/20, compared to 44% in 2000/01).

Figure 79: Poverty rates for the UK population, by men and women, over time



Source: Family Resources Survey and HBAI dataset (1998/99–2019/20), SMC Analysis.

Figure 80: Composition of poverty, by men and women



Source: Family Resources Survey and HBAI dataset (1998/99–2019/20), SMC Analysis.

POVERTY AMONGST INDIVIDUALS, BY DISABILITY

The sections earlier in this report looked at the proportion of people in poverty who live in a family that includes a disabled person. It showed that half (50%) of people in poverty are either disabled themselves or live with someone who is disabled.

This section considers poverty amongst disabled people, rather than families that include a disabled person. Of the 13.9 million people in poverty in 2019/20, 3.8 million were disabled. Of these, 2.7 million were disabled working-age adults, 400,000 were disabled children and 700,000 were disabled pension-age adults. This means that half (50%) of all pension-age adults in poverty before the pandemic were disabled, compared to three in ten (33%) adults in poverty and one in ten (9%) children in poverty.

Poverty rates for disabled working-age adults (36%) were more than twice that of non-disabled working-age adults (16%). However, poverty rates for disabled children (33%) were broadly the same as those for children without a disability (32%), and poverty rates for disabled pension-age adults (14%) were four percentage points higher than those for non-disabled pension-age adults.

Figure 81: Composition of poverty and poverty rates in the UK, by disability, 2019/20

13.9 million people in poverty in the UK (2019/20), comprised of:

2,800,000



Disabled working-age adults

400,000



Disabled children

700,000



Disabled pension-age adults

5,300,000



Working-age adults without a disability

4,100,000



Children without a disability

700,000



Pension-age adults without a disability

Poverty rates in the UK (2019/20):

36%

Of disabled working-age adults are in poverty

33%

Of disabled children are in poverty

14%

Of disabled pension-age adults are in poverty

16%

Of working-age adults without a disability are in poverty

32%

Of children without a disability are in poverty

10%

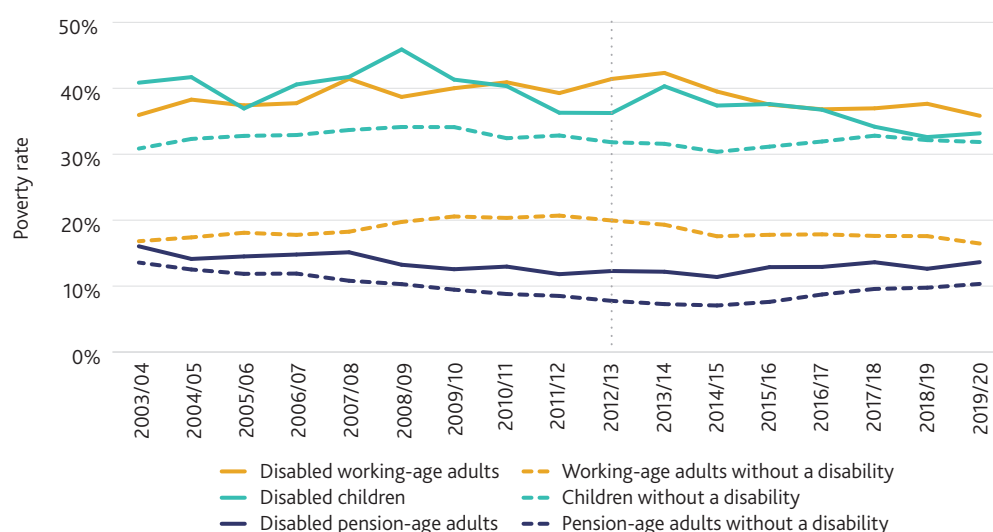
Of pension-age adults without a disability are in poverty

Notes: Figures have been rounded, so may not sum perfectly. The definition of disability changed to align with the core definition of disability under the Equality Act 2010 in 2012/13 but is otherwise consistent across years. Comparisons with years prior to 2012/13 should therefore be made with caution. This applies to all disability estimates in this section.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

Figure 82 shows that poverty rates for disabled children and disabled working-age adults fell between 2013/14 and 2019/20. Compared to 2000/01, poverty rates for disabled children in 2019/20 were broadly similar to those for non-disabled children. However, poverty rates for disabled pension-age adults rose slightly in the years to 2019/20, after reaching a low point in 2011/12.

Figure 82: Poverty rates for the UK population, by individual disability, over time

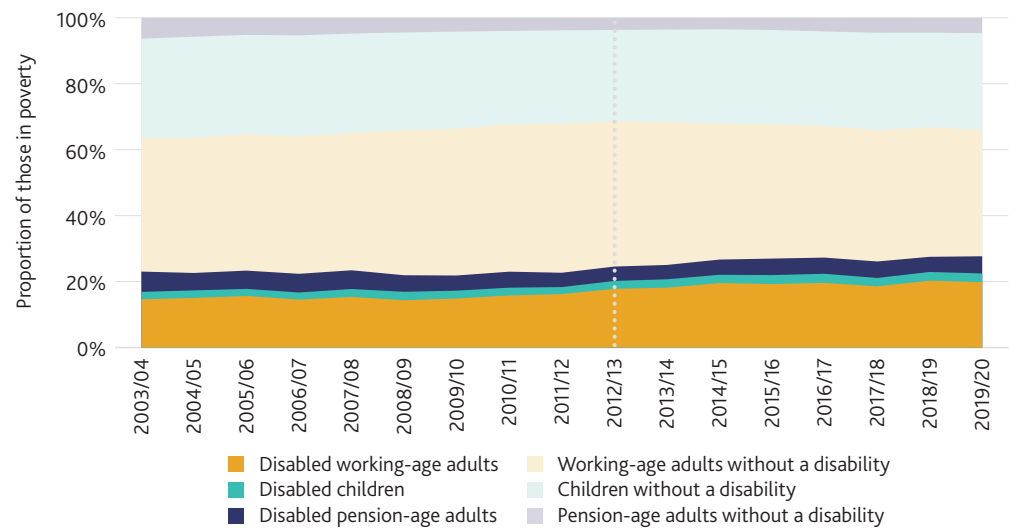


Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13. Estimates for disability are only available from 2003/04 due to data limitations. This applies to all disability estimates in this section.

Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC Analysis.

Figure 83 shows that the proportion of those in poverty prior to the pandemic who were disabled increased slightly over the five years to 2019/20, rising from 25% in 2013/14 to 28% in 2019/20.

Figure 83: Composition of poverty, by individual disability



Notes: The dotted line indicates the change in definition to align with Equality Act definitions in 2012/13.

Source: Family Resources Survey and HBAI dataset (1998/99 – 2019/20), SMC Analysis.

ANNEXES

ANNEX 1: WHAT IS NEW THIS YEAR?

The Commission's 2018 report established the Commission's principle that any significant changes to measurement methodology should be incorporated as if they had been available to the Commission when it first published its estimates in 2018. The Commission's decision in that year was to ensure that, in changing the methodology of poverty measurement and setting a threshold, it did not change the understanding of the overall level of poverty in the UK. This meant setting the threshold in order to match existing measures of the overall level of poverty in the UK and focussing on the composition and nature of poverty within any given poverty threshold.

To continue this principle, the Commission decided that where methodological changes have a significant impact on the overall number of people in poverty, it will revisit its original threshold decision. The Commission's intention in doing so is to ensure that the Commission's measure of around 14.2 million people in poverty in 2016/17 continues to match that of the after-housing costs version of the Households Below Average Income series.

There have been no major methodological changes this year. However, there have been a number of changes to the underlying data used by the Commission. The most significant of these is a change in how child maintenance payments are incorporated into net incomes. This means that child maintenance arranged through the Child Maintenance Service (and predecessors) is now included in net incomes, whereas previous releases did not do this. This has slightly reduced poverty for families with children in this year's results and across the whole back series. These changes are typically small, averaging a reduction of around 50,000 in poverty over the last two decades. The Commission has judged that this small revision does not warrant a change in the poverty threshold. The Commission's poverty threshold therefore remains at 54% of total resources available for 2019/20.

As the Commission continues to improve its approach, new data becomes available and methodological refinements are made over the next few years, the Commission still expects that adjustments to the threshold will be needed to ensure consistency with its overarching principle. The Commission is also clear that, once all major methodological improvements have been incorporated into the approach, a final decision over a long-term threshold should be made.

The Commission's website^{xviii} continues to provide users with access to the underlying code, and an accompanying user guide, that can be used to create the Commission's measures of poverty using the Family Resources (FRS) / Households Below Average Income (HBAI) data. This is allowing a range of analysts and researchers to both recreate the Commission's analysis and also extend and further analyse UK poverty based on its approach. The Commission believes that poverty can only be effectively understood by analysing the incidence of poverty, poverty depth and persistence and Lived Experience Indicators together and would strongly encourage users to approach their analysis in this manner.

ANNEX 2: POVERTY LINES FOR DIFFERENT FAMILIES

In practice, when determining who is in poverty, the Commission's approach is to set a poverty line specific to the needs of each family. This means that each family's unequivalised available resources can be compared directly with their poverty line to determine whether they are in poverty.

Table 25 demonstrates these poverty lines for a range of example families. It shows that in 2019/20 a single childless person with less than £163 a week of available resources would be judged to be in poverty. This means that they would need £6 more a week to be judged as not being in poverty than was the case last year. The threshold for a childless couple is £281 a week (£10 higher than last year) and, for a couple with two children, is £455 a week £16 higher than last year).

Table 25: Poverty lines for different example family types

Family type	2019/20 poverty line (£ available resources per week)
Single, no children	£163
Lone parent	
<i>One child</i>	£219
<i>Two children</i>	£337
Couple, no children	£281
Couple with children	
<i>One child</i>	£337
<i>Two children</i>	£455
Pensioner, single	£163
Pensioner couple	£281

Notes: Indicative poverty thresholds are calculated by typical family type - in one child cases, the child is assumed to be under 14. In two-child cases, one is assumed to be under 14 and one is assumed to be over 14.

Source: Family Resources Survey and HBAI dataset (2019/20), SMC analysis.

ANNEX 3: SURVEY YEARS FOR LIVED EXPERIENCE INDICATORS

The Lived Experience Indicators were selected based on data availability and the themes that the Commission wanted to capture as important to fully understanding lived experience. Each indicator draws on data from either the Family Resources and the Understanding Society surveys and are estimated in a range of different survey years as not all questions are asked every year. The table below provides details on the survey and years that each of the indicators are drawn from.

Domain and indicator	Survey	Most recent data	Last data	Earliest data
Health				
<i>In a family that includes a disabled adult or child</i>	Family Resources	2019/20	2018/19	2000/01
<i>One or more adults in family with poor self-reported physical health</i>	Understanding Society	2018/19	2017/18	2011/12
<i>One or more adults in family with poor self-reported mental health</i>	Understanding Society	2018/19	2017/18	2011/12
<i>One or more adults in family with low life satisfaction</i>	Understanding Society	2018/19	2017/18	2011/12
<i>One or more adults in family with low health satisfaction</i>	Understanding Society	2018/19	2017/18	2011/12
<i>One or more youths in family has drunk to excess in last four weeks</i>	Understanding Society	2018/19	2016/17	2011/12
<i>One or more adults in family has drunk to excess in the last year</i>	Understanding Society	2017/18	2015/16	no data
<i>One or more adults in family smokes cigarettes (not incl. e-cigarettes)</i>	Understanding Society	2016/17	2015/16	2014/15
<i>One or more youths in family has used or taken illegal drugs at least once in the last year</i>	Understanding Society	2018/19	2017/18	2011/12
Education				
<i>No one in family has any formal qualifications</i>	Family Resources	2019/20	2018/19	2000/01
<i>All adults have highest qualification that is below 5A*-C GCSEs or equivalent</i>	Family Resources	2019/20	2018/19	2000/01

Domain and indicator	Survey	Most recent data	Last data	Earliest data
Family, relationships and community				
<i>Single adults</i>	Family Resources	2019/20	2018/19	2000/01
<i>Lone parent families</i>	Family Resources	2019/20	2018/19	2000/01
<i>Single pensioners</i>	Family Resources	2019/20	2018/19	2000/01
<i>Adults in family rarely or never feel close to others</i>	Understanding Society	2018/19	2015/16	2012/13
<i>One or more youths in family does not feel supported by their family/people who they live with</i>	Understanding Society	2018/19	2017/18	2011/12
<i>One or more adults in family feels unsafe walking alone at night</i>	Understanding Society	2014/15	2011/12	no data
<i>One or more adults in family worries about being affected by crime</i>	Understanding Society	2014/15	2011/12	no data
<i>One or more adults in family does not like living in current neighbourhood</i>	Understanding Society	2014/15	2011/12	no data
<i>One or more adults in family spends time caring for someone</i>	Understanding Society	2018/19	2017/18	2011/12
<i>One or more adults in family perceives local services as poor</i>	Understanding Society	2014/15	2011/12	no data
<i>One or more adults in family thinks people in their neighbourhood cannot be trusted</i>	Understanding Society	2014/15	2011/12	no data
<i>No adults in family are members of an organisation</i>	Understanding Society	2017/18	2014/15	2011/12
<i>One or more adults in family is not willing to improve neighbourhood</i>	Understanding Society	2017/18	2014/15	2011/12
<i>Family's average size of social network is below 5 close friends</i>	Understanding Society	2017/18	2014/15	2011/12

Domain and indicator	Survey	Most recent data	Last data	Earliest data
Family finances				
<i>Family is behind in paying bills</i>	2018/19	2017/18	2011/12	2011/12
<i>In a workless family</i>	2019/20	2018/19	2000/01	2000/01
<i>In a family reporting material deprivation</i>	2019/20	2018/19	2000/01	2010/11
<i>One or more adults in family with low income satisfaction</i>	2018/19	2017/18	2011/12	2011/12
<i>One or more adults in family has felt embarrassed by low income</i>	2016/17	2015/16	no data	no data
<i>No adult in family saves</i>	2018/19	2016/17	2012/13	2012/13
Labour market opportunity				
<i>Proportion of working-age adults who are workless</i>	Family Resources	2019/20	2018/19	2000/01
<i>Average time spent travelling to work for working adults in family (minutes)</i>	Understanding Society	2018/19	2017/18	2011/12

ENDNOTES

- i DWP, (2019), *Memorandum to the work and pensions select committee government response to the work and pensions select committee report on welfare safety net, the twenty-eighth report of session 2017-19*. Available here: <https://www.parliament.uk/globalassets/documents/commons-committees/work-and-pensions/Government-Response-WPSC-Welfare-Safety-Net.docx-003.pdf>. Accessed 20/07/2021.
- ii See here: <https://www.gov.uk/government/news/new-poverty-statistics-developed-to-help-government-target-support/>. Accessed 20/07/2021.
- iii See here: <https://osr.statisticsauthority.gov.uk/publication/review-of-income-based-poverty-statistics/pages/7/>. Accessed 20/07/2021.
- iv There was a UK-wide official measure of child poverty, with associated targets, contained in the Child Poverty Act 2010. Targets based on reducing child poverty in the UK were abolished in 2015. Note that Scotland (who have now legislated for new measures and targets), Wales and Northern Ireland have retained measures of poverty based around the Child Poverty Act 2010 definitions.
- v See here: <https://www.gov.uk/government/news/new-poverty-statistics-developed-to-help-government-target-support/>. Accessed 20/07/2021.
- vi See here: <https://osr.statisticsauthority.gov.uk/publication/review-of-income-based-poverty-statistics/pages/7/>. Accessed 20/07/2021.
- vii Note that we also use “related” to refer to two people living together as a couple.
- viii Social Metrics Commission, (2019). *Equivalisation in poverty measures: can we do better?* Available here: <https://socialmetricscommission.org.uk/smc-equivalisation-report/>. Accessed 20/07/2021.
- ix Figure provided by analysts at the Department for Work and Pensions.
- x Note that a pension-age family is defined as one where at least one individual is above state pension age (SPA). Note that that this definition takes account of recent changes to SPA.
- xi Note that definitions of disability in the Family Resources Survey have changed over this period, so any comparisons should be made with caution.
- xii Family work status was determined by taking all non-retired and non-student adults in the sharing unit, and allocating full-time workers a value of 1, a part-time worker a value of 0.5, and someone who is unemployed, inactive, or studying a value of 0. The average of these scores is then taken for the family. Full-time work families have an average score of greater than/ equal to 0.75, full/part-time work families have a score of between 0.75 and 0.5 (including 0.5 but excluding 0.75), and part-time work families have a score of between 0 and 0.5 (excluding 0 and 0.5). Families that are workless have scores of 0. Note that these categories will include benefit units with all retired adults that are in a sharing unit with a working-age adult who is

not retired. For further information please refer to the full SMC report from 2018.

- xiii Legatum Institute, (2020), **Measuring Poverty 2020**. Available here: <https://li.com/reports/measuring-poverty-2020-a-report-of-the-social-metrics-commission/>. Accessed 20/07/21.
- xiv The use of three-year averages (to ensure sufficient sample sizes) and the fact that harmonised standards for ethnicity questions on the Family Resources Survey mean that results are only available from 2014/15.
- xv The Commission's approach to measuring persistent poverty relies on Understanding Society. Given the relatively few waves of data available for Understanding Society, it is only possible to report on persistent poverty for 2014/15, 2015/16, 2016/17, 2017/18 and 2018/19. As more waves of data from Understanding Society become available, a fuller account of long-term poverty persistence will become possible, as will an analysis of those who move repeatedly in and out of poverty, who may not be captured by the measure of persistence outlined here.
- xvi It should be noted that Understanding Society collects assets data every four years, meaning the latest data available on assets was in 2016/17.
- xvii Legatum Institute, (2020), **Measuring Poverty 2020**. Available here: <https://li.com/reports/measuring-poverty-2020-a-report-of-the-social-metrics-commission/>. Accessed 20/07/21.
- xviii See here: <https://socialmetricscommission.org.uk/>