

# Monitoring poverty and social exclusion 2002



■ **Guy Palmer, Mohibur Rahman and Peter Kenway**

# Acknowledgements

As ever, our thanks go to the large number of statisticians from across government departments in Whitehall, in the Scottish Executive and in the Welsh Assembly who have helped us to assemble all the data for the indicators in this report, and who quality assured the results. They are too numerous to be named individually, but without their co-operation this project would simply not have been possible.

Specific thanks go to John Rigg and Steven Jenkins, at the Institute for Social and Economic Research, University of Essex, for their analysis of the British Household Panel Survey.

We would also like to thank our researcher, Naomi Parsons, for her background research.

Finally, we are once again very grateful for the unstinting support that we have had from the Joseph Rowntree Foundation, in particular Alison Elks for her patient assistance on production.

Responsibility for the report, including errors within it, belongs to the authors alone.

---

Crown Copyright is reproduced with permission from the Controller of Her Majesty's Stationery Office.

The BHPS and LFS data used in this report was made available through the ESRC Data Archive. The data was collected by the ESRC Research Centre on Micro Social Change at the University of Essex. Neither the original collectors of the data nor the Archive bear any responsibility for the analyses presented here.

The same applies for all datasets used in this report, including those from the Department of Health, the Department for Education and Skills, the Department for Work and Pensions, the Office of the Deputy Prime Minister, the Home Office, the General Register Office for Scotland, the Welsh Assembly, the Scottish Executive, and the Office for National Statistics.

The Joseph Rowntree Foundation has supported this project as part of its programme of research and innovative development projects, which it hopes will be of value to policy makers, practitioners and service users. The facts presented and views expressed in this report are, however, those of the authors and not necessarily those of the Foundation.

Published by  
Joseph Rowntree Foundation  
The Homestead  
40 Water End  
York YO30 6WP  
Website: [www.jrf.org.uk](http://www.jrf.org.uk)

© New Policy Institute 2002

First published 2002 by the Joseph Rowntree Foundation  
All rights reserved. Reproduction of this report by photocopying or electronic means for non-commercial purposes is permitted. Otherwise, no part of this report may be reproduced, adapted, stored in a retrieval system or transmitted by any means, electronic, mechanical, photocopying, or otherwise without the prior written permission of the Joseph Rowntree Foundation.

ISBN 1 85935 074 7 (paperback)  
1 85935 075 5 (pdf: available at [www.jrf.org.uk](http://www.jrf.org.uk))

A CIP catalogue record for this report is available from the British Library.

Designed by Adkins Design  
Printed by Colorworks Ltd

# Contents

<b>The scope of the report</b>	5
<b>Executive summary</b>	6
<b>1 Poverty and low income</b>	13
Why the indicators were chosen	13
What the indicators show	14
Choices in the definition of particular indicators	16
Technical matters	18
Selected major initiatives under way	19
<i>Income levels</i>	22
1 Gap between low and median income	22
2 Individuals with low income	23
3 Intensity of low income	24
4 In receipt of means-tested benefit	25
<i>Income dynamics</i>	26
5 Long-term recipients of benefit	26
6 Periods of low income	27
7 The location of low income	28
<b>2 Children</b>	29
Why the indicators were chosen	29
What the indicators show	30
Selected major initiatives under way	33
<i>Economic circumstances</i>	36
8 Living in workless households	36
9 Living in low income households	37
<i>Health and well-being</i>	38
10 Low birth-weight babies	38
11 Accidental deaths	39
<i>Education</i>	40
12 Low attainment at school	40
13 Permanently excluded from school	41
<i>Social stability</i>	42
14 Children whose parents divorce	42
15 Births to girls conceiving under age 16	43
16 In young offender institutions	44
<b>3 Young adults</b>	45
Why the indicators were chosen	45
What the indicators show	46
Selected major initiatives under way	48
<i>Economic circumstances</i>	52
17 Unemployment	52
18 On low rates of pay	53
19 Not in education, training or work	54
<i>Health and well-being</i>	55
20 Problem drug use	55
21 Suicide	56
<i>Barriers to work</i>	57
22 Without a basic qualification	57
23 With a criminal record	58

<b>4 Adults</b>	<b>59</b>
Why the indicators were chosen	59
What the indicators show	60
Selected major initiatives under way	62
<i>Exclusion from work</i>	66
24 Individuals wanting paid work	66
25 Households without work for two years or more	67
<i>Disadvantaged at work</i>	68
26 On low rates of pay	68
27 Insecure at work	69
28 Without access to training	70
<i>Health and well-being</i>	71
29 Premature death	71
30 Obesity	72
31 Limiting long-standing illness or disability	73
32 Mental health	74
<b>5 Older people</b>	<b>75</b>
Why the indicators were chosen	75
What the indicators show	76
Selected major initiatives under way	78
<i>Economic circumstances</i>	80
33 No private income	80
34 Spending on 'essentials'	81
<i>Health and well-being</i>	82
35 Excess winter deaths	82
36 Limiting long-standing illness or disability	83
37 Anxiety	84
<i>Access to services</i>	85
38 Help from social services to live at home	85
39 Without a telephone	86
<b>6 Communities</b>	<b>87</b>
Why the indicators were chosen	87
What the indicators show	88
Selected major initiatives under way	90
<i>Social cohesion</i>	94
40 Non-participation in civic organisations	94
41 Polarisation of work	95
42 Spending on travel	96
43 Without a bank or building society account	97
<i>Crime and its costs</i>	98
44 Burglaries	98
45 Without household insurance	99
46 Dissatisfaction with local area	100
<i>Housing</i>	101
47 Without central heating	101
48 Overcrowding	102
49 Households in temporary accommodation	103
50 Mortgage arrears	104
References	105

# The scope of the report

This report provides updated statistics for 50 indicators which between them portray the key features of poverty and social exclusion today in Great Britain. Whilst income is the focus of many of the indicators, they also cover a wide range of other subjects including health, education, work, and engagement in community activities.

The report is the fifth in our annual series Monitoring Poverty and Social Exclusion, with the indicators updated for an extra year's data. The set of indicators used has remained almost unchanged since our first report in 1998 and were selected to provide a rounded view of what has been happening rather than to present a particular view on the government's performance.

In most cases, the latest data is either 2001 or 2002 data, the main exceptions being the data on income distribution (for which the latest official statistics are 2000/01) and on health (2000).

This paper report is complemented by a website – [www.poverty.org.uk](http://www.poverty.org.uk) – where all the graphs are updated as and when new data becomes available and with extensive links to other relevant sites.

Each indicator is presented on a single page, and comprises two graphs: one showing how the indicator has changed over time and the other typically showing how the indicator varies between different groups within the population.

The indicators are grouped into six chapters, with the four central chapters dividing the population by age (children, young adults, adults and older people), with an initial chapter on income and a final chapter on communities. Within each chapter, the indicators are grouped by theme, as summarised in the table below.

	<i>Income</i>	<i>Children</i>	<i>Young adults</i>	<i>Adults</i>	<i>Older people</i>	<i>Community</i>
Income levels	✓					
Income dynamics	✓					
Economic circumstances		✓	✓		✓	
Health and well-being		✓	✓	✓	✓	
Education		✓				
Social stability		✓				
Barriers to work			✓			
Exclusion from work				✓		
Disadvantage at work				✓		
Access to services					✓	
Social cohesion						✓
Crime and its costs						✓
Housing						✓

# Executive summary

## Income and work

### *Some recent progress on income poverty, but a long way still to go...*

The latest statistics on low income are for 2000/01, the first full year in which people were able to claim the Working Families Tax Credit (introduced in October 1999), as well as the second year for the national minimum wage (introduced in April 1999).

Like both the UK government and the EU, our 'headline' indicator for low income is '60 per cent of contemporary median income'. In 2000/01, there were 12.9 million people below this threshold (after deducting housing costs). This is a fall of 300,000 compared with 1999/2000 and a fall of 1 million since 1996/97. The recent trend is therefore favourable.

However, the falls thus far have only been sufficient to bring the numbers back to the 1995/96 levels, and the number of people below the low income threshold is still almost double that of 20 years ago. 1998 data also suggests that only Greece had a greater proportion of its population on low incomes relative to the rest of its population than the UK.

The patterns for the very poorest are similar, with a threefold increase in the numbers below 50 per cent of the median during the 1980s and early 1990s, followed by no change in the mid-1990s and a modest but noticeable decrease in the late 1990s.

The patterns for the number of children in low income households are also similar, with 3.9 million children living in households below the low income threshold in 2000/01. This is a fall of 200,000 compared with 1999/2000 and a fall of 500,000 since the peak in 1996/97, but is the same number as at the start of the 1990s. Children remain more likely to be in low income households than adults.

The real incomes of the poorest increased by about 1½ per cent per annum (£2 per week) in real terms during the 1990s, with 3 per cent increases in the latest two years. These increases are reflected by the fall in the numbers below the *fixed* threshold of 60 per cent of 1994/95 median income, from 13 million in 1994/95 to 8½ million in 2000/01. The real incomes of the poorest and at the median increased at roughly the same percentage rate during the 1990s, and this is why the numbers on relative low incomes remained largely unchanged.

### *...and the government's 2004 target represents a major challenge...*

The government has set a specific target to reduce the number of children in low income households by at least a quarter by 2004/05 compared with 1998/99. In 1998/99, there were 4.2 million children living in households below the low income threshold, so the target is for there to be 3.2 million children or less below the threshold by 2004/05. Given that lifting children above the threshold also implies lifting their parents above the threshold, achieving this target would represent a major step-change in the number of people living on relative low income.

Simple arithmetic suggests that the government's target is potentially achievable: the 2000/01 figures were around a third of the way through the period and around a third of the target had been achieved. But further progress cannot be taken for granted. The initial impact of the national minimum wage and Working Families Tax Credit has already been included in the 2000/01 figures. Furthermore, the main reason that the numbers have fallen in recent years is because the numbers of unemployed (a high risk group) fell and the numbers of employed (a low risk group) rose, rather than because the risk of low income of either group changed substantially. With unemployment at a historic low, there appears to be limited scope for further falls of this type.

One of the issues here is the large number of people who are economically inactive but want paid work, many of whom are sick and disabled. At 2½ million people, they now substantially outnumber the number of people classed as unemployed by the ILO because they are actively seeking work (now down to 1½ million people). Many sick and disabled people find it difficult to obtain paid work and this clearly poses a serious challenge to the strategy of reducing poverty by encouraging people into work. The scale of this challenge is reinforced by the lack of change in the number of long-term workless households, which has remained at about 2 million since 1996.

### ***...with disadvantage at work continuing to be a major problem***

Since the introduction of the national minimum wage in 1998, the official estimate of the number of adults paid below this hourly rate of pay has undergone a step-change, down from 1½ million in 1998 to 200,000 in 2001. But the trend is much less favourable when looking at slightly higher rates of hourly pay: in 1998, 2½ million adults aged 22 or over were paid less than £4 per hour; by 2001, an estimated 2 million were still being paid less than this hourly rate, after uprating for inflation. The vast majority of these are women, and represent a particularly high proportion of the workforce in the distribution, hotels and restaurant trades.

This continuing prevalence of low pay is illustrated by the observation that half of all children and working age adults living in low income households have someone in their household in paid work. This connection reinforces our concerns about the lack of adequate official data about the extent of low pay, which is now only available at government discretion, with a substantial time lag and subject to a complex statistical procedure to derive the 'estimates'.

Disadvantage at work is not limited to low pay. Those without any educational qualifications are three times less likely to get work-related training as those with qualifications. And levels of job insecurity are illustrated by the fact that around two-fifths of people who make a new claim for Jobseeker's Allowance last claimed less than six months ago, the same as in 1995. As we have argued elsewhere,<sup>1</sup> people who face disadvantage entering the labour market often continue to do so when actually in work, and raising the quality and experience of work for those on low pay is a crucial element in dealing with the causes of chronic poverty.

## **Education, housing, crime, health and essential services**

### ***Favourable trends in education...***

The general pattern here is of substantial improvements throughout much of the 1990s. For example, a quarter of 16-year-olds failed to achieve any GCSEs above a grade D in 2001, compared with a third in 1994 (although unchanged since 1999). A quarter of 11-year-olds failed to achieve Level 4 at Key Stage 2 in English in 2001, compared with more than two-fifths in 1996 (with a similar pattern in maths). And a quarter of 19-year-olds were without a basic qualification in 2001, compared with a third in 1992.

For 11-year-olds at least, it appears that schools in more deprived areas are fully sharing in the improved educational outcomes: two-fifths of children in schools with high numbers of children on free school meals failed to achieve Level 4 at Key Stage 2 in English and maths in 2001, compared with three-fifths in 1996. These schools' results in 2001 were actually better than the all-schools average in 1996.

Even though the trends are favourable, low attainment at school remains a serious problem, with 190,000 19-year-olds lacking a basic qualification (at least NVQ Level 2 or equivalent) and 60,000 (8 per cent of the age group) having no qualifications at all (at least GCSEs at grade G or above).

### ***...in housing...***

Less than 15 per cent of poorer families now lack central heating, compared with 25 per cent in 1994/95. The scale of progress is illustrated by the fact that a greater proportion of poorer families now have central heating than did the population as a whole in 1994/95. Notwithstanding an apparent rise in the latest statistics (2000), the proportion of households that are overcrowded is still down by a third compared with a decade ago.

### ***...and in crime***

The number of burglaries continues to decline, down to almost half of its peak in 1993 and lower than at any time in the previous 15 years. Lone parents and households headed by young people (aged 16 to 24) are three times more likely to be burgled than the average, and low income households one and a half times more likely.

### ***But a doubling in the numbers in temporary accommodation...***

The number of households in temporary accommodation continues to rise and has now almost doubled over the last five years: from 45,000 in 1997 to 85,000 in 2002.

### ***...and no progress in financial exclusion...***

In 2000/01, one in five of the poorest households did not have any type of bank or building society account, the same proportion as in 1994/95. This compares with one in twenty households on average incomes. The lack of change is despite government initiatives to encourage the development of bank accounts for people who are not comfortable with the products currently on the market.

Half of all low income households still lack home contents insurance, the same as five years ago. This compares with a fifth of households on average incomes. Households with no household insurance are around three times as likely to be burgled as those with insurance and the impact is obviously particularly serious for those on low incomes who, by definition, are less able to replace stolen goods themselves.

### ***...or in access to work for those in social housing***

Two-thirds of heads of households in social housing do not have paid work, the same as a decade ago and twice the rate in other tenures. This difference between tenures is reflected in the relatively low incomes of social housing tenants, with two-thirds living on a weekly income of less than £200, compared with a quarter of those living in other tenures.

Reflecting these differences, people in low income households are twice as likely to report that their quality of life is significantly affected by fear of crime than the average, and one and a half times as likely to feel very dissatisfied with the area in which they live.

### ***An absence of up-to-date statistics on health***

Although quite a lot of data is available on various aspects of health, most of it is somewhat out-of-date, with 2000 being typically the latest year available. In part, this is because there appears to be some delay in the government processing of the 2001 data in some areas – notably premature death and accidental deaths.

The 2001 data on premature deaths will be important to see if the significant fall in geographic concentrations of premature death that occurred in 2000 represents the start of a downward trend or a blip in the statistics. The number of accidental deaths of children halved during the 1990s and, furthermore, it appears that the rate of reduction was greatest in children from manual backgrounds. The number of births to girls conceiving before their 16th birthday fell by a fifth between 1996 and 2000, but the vast majority of these births were still concentrated in manual backgrounds. The number of suicides amongst 15- to 24-year-olds in England and Wales has also been declining since 1997.

In contrast, the proportion of babies with low birth weight did not change between 1995 and 2000, with noticeable differences in the incidence of low birth-weight babies across social classes. The level of young people starting treatment for problem drug use each year was double the levels of the early 1990s. And levels of obesity were at a historic high.

## **A continuing need for independent monitoring**

### ***The government's Opportunity For All reports***

Since 1999 – a year after our original report – the government has produced its own annual assessments of progress being made on poverty and social exclusion. There are strong similarities between their report and ours in terms of the scope of the subjects covered, the choice of indicators and the actual statistics, with both reports using the same government surveys as their main data source.

Like our report, the government's report also suffers from the lack of adequate data on low pay and up-to-date data on health.

However, there are several factors that make this independent report different from the government's *Opportunity For All*, and that tend to cause the latter systematically to show a more optimistic picture. First, the government's report has quite naturally tended to select indicators that relate directly to particular government initiatives, whereas our list of indicators was chosen prior to these initiatives; for example, whereas we monitor the numbers of people in temporary accommodation, they monitor the narrower subject of rough sleepers. Second, the interpretation of the indicators in *Opportunity For All* is interleaved with a discussion of how the government has been tackling the issues since they came into power.

### ***The Government's Public Service Agreement 2002***

In July 2002, the government published its list of key objectives and targets for the next three or so years in a document entitled *The Public Service Agreement*. This document is important as it is being used within government to focus actions in all departments and also because it provides the basis upon which the government wishes progress to be judged.

Around 30 of the targets relate to poverty and social exclusion and, as such, provide a clear picture of what the government is trying to achieve. At least in income, education and health, the targets are both comprehensive and specific. The focus on children and young adults is also noteworthy, with comparatively little on either working age adults or older people. Each of the targets is listed in the relevant chapters of this report and will be used in our assessments over the next few years.

## Summary of the poverty and social exclusion indicators

The table lists each indicator, together with the numbers of people affected, the variation across groups, and the trends over time

Indicator	Trends over time		Approximate numbers affected in latest year	Variation across groups
	Over the medium term	Over latest year of available data		
<b>Income</b>				
1 Gap between low and median income	Steady	Steady	N/a	Two-fifths are in households where the head is of working age but not in paid work, in two-fifths the head of the household is in paid work, and in one-fifth the head of the household is over sixty.
2 Individuals with low income (below 60% of median income)	Steady	Improved	13 million (after housing costs)	Lone parents twice as likely as couples with children to have live on low incomes and three times as likely as adults with no children.
3 Intensity of low income (below 50% of median income)	Steady	Improved	8 million (after housing costs)	Sick and disabled are the largest single group of working age on means-tested benefits.
4 In receipt of means-tested benefits (working age only)	Improved	Steady	4 million	Pensioners make up almost half of those on Income Support for two years or longer, followed by the sick and disabled who make up a quarter, and lone parents who make up a fifth.
5 Long-term recipients of benefits (all ages)	Improved	Steady	2 <sup>3</sup> / <sub>4</sub> million	The UK has a similar proportion of the population on persistent low income as the EU average.
6 Periods of low income (at least two years in three on a low income)	Steady	Steady	10 million	Proportion of the population in the poorest fifth range from 27% in London to 14% in the South East. In the EU, only Greece has a higher proportion on relative low incomes than the UK.
7 The location of low income	N/a	N/a		
<b>Children</b>				
8 Living in workless households	Improved	Worsened	2 million	Children are 30% more likely than people on average to be in a low income household. The concentration of poor children within particular primary schools is continuing to rise.
9 Living in low income households (below 60% of median income)	Improved	Improved	4 million (after housing costs)	25% higher rate among mothers in social classes IIIM to V than in social classes I-IIINM.
10 Low birth-weight babies (%)	Steady	Improved	N/A	One and a half times the rate among children in social classes IIIM to IV than in social classes I to IIINM.
11 Accidental deaths	Improved	Improved	400 per year	At Key Stage 2 (11 years old), children in GCSE schools with at least one-third of pupils on free school meals are 1 <sup>1</sup> / <sub>2</sub> times more likely to fail to reach Level 4 than pupils in other schools.
12 Low attainment at school: pupils gaining no above Grade D	Improved	Steady	150,000 in England and Wales	Four times the rate among black Caribbean children compared with white children.
13 Permanently excluded from school	Improved	Worsened	10,000 per year	Double the rate for unskilled husbands compared with the average.
14 Children whose parents divorce	Improved	Improved	140,000 per year	Girls in social class V are three times as likely to become mothers in their teens as girls in social class III.
15 Births to girls conceiving under age 16	Improved	Steady	4,000 per year	
16 In young offender institutions (age 10 to 16)	Worsened	Worsened	3,000 per year in England and Wales	

Indicator	Trends over time		Approximate numbers affected in latest year	Variation across groups
	Over the medium term	Over latest year of available data		
<b>Young adults</b>				
17 Unemployed (16 to 24)	Improved	Steady	500,000	The unemployment rate among 18- to 24-year-olds is more than double that for older workers. More than half of low-paid adults work in the distribution, hotel and restaurant trades.
18 On low rates of pay (16 to 21)	Steady	Steady	600,000	A fifth of those not in education, training or work live independently.
19 Not in education, training or work (16 to 18)	Steady	Steady	170,000	N/A
20 Problem drug use (15 to 24)	Worsened	Steady	15,000 treatment episodes in six months	Double the rate for social classes IIIIM to V than for social classes I to IIINIM.
21 Suicide (15 to 24)	Improved	Improved	600 per year	N/A
22 Without a basic qualification (19 year olds)	Steady	Worsened	200,000	Black young adults are seven times as likely to be in prisons than white young adults, and ten times as likely as Asian young adults.
23 With a criminal record (18 to 20)	Steady	Improved	60,000 convictions per year	Twice the rate among people of Caribbean, African and Bangladeshi ethnicity as the rest of the population.
<b>Adults aged 25 to retirement</b>				
24 Individuals wanting paid work	Improved	Worsened	3.8 million	Nearly half of all lone parents do not have paid work.
25 Households wanting work for two years or more	Steady	Steady	2 million	Low pay is much more prevalent in the distribution, hotel, restaurant and other service sector industries than in other industries.
26 On low rates of pay	Improved	Improved	2 million	N/A
27 Insecure at work	Improved	Improved	N/A	Three times less likely for those without qualifications than for those with.
28 Without access to training	Improved	Steady	N/A	Significantly worse in Scotland, the North of England and London.
29 Premature death	Steady	Improved	N/A	1 1/4 times more prevalent amongst women in social classes IIIIM to V than in social classes I to IIINIM.
30 Obesity	Worsened	Steady	20% classified as obese	1 1/2 times more prevalent among unskilled manual professions than the average.
31 Limiting long-standing illness or disability (45 to 64 year olds)	Steady	Steady	3 1/2 million	Two times more prevalent in the poorest two-fifths of the population compared to the rest of the population.
32 Mental health	Steady	Improved	3 1/2 million	Single pensioners and pensioners aged over 75 are 1 1/2 times more likely to be in the poorest fifth of the population than pensioner couples aged 75 and under.
<b>Older people</b>				
33 No private income	Steady	Improved	1 1/4 million	Those mainly dependent on the state pension spend a quarter less on food than other pensioners.
34 Spending on 'essentials'	Improved	Steady	N/A	

Indicator	Trends over time		Approximate numbers affected in latest year	Variation across groups
	Over the medium term	Over latest year of available data		
35 Excess winter deaths	Worsened	Improved	20,000–50,000 each year	The poorest pensioners are twice as likely to live in poorly insulated home as the best off pensioners.
36 Limiting long-standing illness or disability	Steady	Steady	4 million	1½ times more prevalent among unskilled manual professions than the professional and managerial professions.
37 Anxiety (feeling unsafe out at night)	Steady	Steady	5 million	Older people from manual backgrounds are a third more likely to be depressed than those from non-manual backgrounds.
38 Help from social services to live at home (%)	Worsened	Worsened	N/A	County Councils and Unitary Authorities support far fewer pensioners in living independently at home than urban or Welsh authorities.
39 Without a telephone	Improved	Steady	200,000	Those without private income are three times as likely as other pensioners not to have a phone.
<b>Communities</b>				
40 Non-participation in civic organisations	Steady	Worsened	10 million	The poorest fifth of the population is 1½ times less likely to participate than the richest fifth.
41 Polarisation of work (%)	Steady	Steady	N/A	In two-thirds of households in social housing, the head of household is not in paid work, compared with one-third of heads of households in other tenures.
42 Spending on travel	Improved	Improved	N/A	The poorest fifth of the population spend one-quarter of what those with average incomes spend.
43 Without a bank or building society account	Steady	Worsened	N/A	The poorest fifth of the population are four times as likely not to have an account as those with average incomes.
44 Burglaries	Improved	Improved	1 million	Lone parent, and young households twice as likely as average to be burgled.
45 Without household insurance	Improved	Steady	N/A	Households without insurance are three times as likely to be burgled as those with insurance. Half of the poorest households are uninsured compared with a quarter of those on average incomes.
46 Dissatisfaction with local area (%)	Steady	Improved	N/A	Poor households are 1½ times as likely to be dissatisfied as the average.
47 Without central heating	Improved	Improved	N/A	More prevalent in the private rented sector than in other tenures.
48 Overcrowding	Improved	Worsened	500,000 households	Two to three times as prevalent in rented housing as in owner occupation.
49 Households in temporary accommodation	Worsened	Worsened	85,000	N/A
50 Mortgage arrears	Improved	Steady	20,000	N/A

# 1 Poverty and low income

## Why the indicators were chosen

This chapter looks at a range of indicators of income poverty, picking up on both long-term and shorter-term trends, and covering both income inequality and what is happening to the incomes of the poorest in real terms. It also provides indicators on persistent low income, on some of the geographical patterns in distribution of people on low incomes, and on the numbers of people in receipt of means-tested benefits.

In discussing income poverty, we have tried to use a variety of indicators that collectively provide a reasonably full picture of what is going on. In so doing, we have inevitably had to make choices from a wide range of possibilities. Those interested in this range of possibilities and the reasons for our particular choices should refer to the material presented later in this chapter under the heading 'Choices in the definition of particular indicators' (page 16).

There is, however, no doubt about the 'headline' indicator of low income. Like both the UK government and the EU, our 'headline' indicator is '**60 per cent of contemporary median income**'. Whilst this threshold is expressed in terms that might not immediately resonate with the public, it is widely agreed to be right in principle and is, for example, the main threshold that was used by all the interested parties when the latest (2000/01) income numbers were published in April.

### *Income levels*

The first indicator is the '**gap between low and median income**', comparing the income before housing costs of someone a tenth of the way up the income distribution with someone half-way up. The movement between these two points is a good indicator of relative poverty and social exclusion, demonstrating the extent to which the poorest are keeping up or falling behind society's norm.

The second indicator, the '**number of individuals in households with less than 60 per cent of median income**' after deducting taxes and housing costs, looks at the actual numbers of people who are living on low incomes, using a relative threshold. This threshold is used by both the UK government and the EU when looking at trends in the numbers of people in income poverty.

Since it is also important to know the extent to which the incomes of the poorest are falling or rising in real terms, the indicator also shows the number of people below a fixed threshold, which rises with inflation.

The third indicator, the '**intensity of low income**', shows what has been happening over a longer time-frame – since 1979 – in the numbers with less than 50 per cent, 60 per cent and 70 per cent of median income.

The fourth indicator, '**in receipt of means-tested benefit**', shows the trends in the total numbers of working age people in Britain whose incomes depend, at least in part, on one of the following benefits/tax credits: Income Support, Jobseeker's Allowance, Family Credit/Working Families Tax Credit and Disability Working Allowance/Disabled Person's Tax Credit. To allow like-for-like comparisons over time, figures are presented both including and excluding the recent tax credits and the benefits that they replaced.

In each case, the second graph shows how the indicator varies between different groups of the population, demonstrating which groups are at a particularly high risk of poverty.

### **Income dynamics**

The duration of time spent on a very low income can have a considerable effect on the deprivation of a person or family. The majority of individuals who experience persistent low income are claiming either Income Support (IS) or Jobseeker's Allowance (JSA). The first indicator in this section is the **'number of recipients claiming JSA or IS for two years or more'**.

In addition to those who spend long periods on the same very low income level, there is a substantial group whose incomes fluctuate into and out of low income. The second indicator of income dynamics is the **'number of individuals who have spells on low income in at least two years in three'**. The second graph compares the proportion of the population on persistent low income across all the EU countries.

The final indicator is the **'location of low income'**, showing how the proportion of the population who are poor varies between different regions in England. The second graph compares the proportion of the population on low income in each of the countries in the EU.

### **What the indicators show**

In all cases, our indicators use the latest data available. For statistics about benefit recipients, this typically means data from 2001 or 2002. For income statistics, it means 2000/01 data (effectively, late 2000). The fact that official data on income is always between one and two years out-of-date is a major problem over which we have no control. It means that any factual assessment of the success or otherwise of the government's major initiatives, both by the government and by independent observers such as ourselves, is inevitably retrospective.

The year 2000/01 is, however, the first year that includes at least some of the impact of the Working Families Tax Credit (introduced in October 1999), as well as the second year of the national minimum wage and the Minimum Income Guarantee for pensioners (both introduced in April 1999).

### **How have the numbers on low income changed over time?**

In 2000/01, there were 12.9 million people living in households with less than 60 per cent of median income (after housing costs).<sup>1</sup> This is a fall of 300,000 compared to 1999/2000 and a fall of 1 million since 1996/97. The short-term trend is therefore favourable.

However, the falls thus far have only been sufficient to bring the numbers back to the 1995/96 levels, and the number of people below the low-income threshold is still almost double that of 20 years ago.

The patterns for the very poorest are similar, with a threefold increase in the numbers below 50 per cent of the median during the 1980s and early 1990s, followed by no change in the mid-1990s and a modest but noticeable decrease in the late 1990s.

The real incomes of the poorest increased by about 1½ per cent per annum (£2 per week) in real terms, with 3 per cent increases in the latest two years. These increases are reflected by the fall in the numbers below the *fixed* threshold of 60 per cent of 1994/95 median income, from 13 million in 1994/95 to 8½ million in 2000/01. The real incomes of the poorest and those at the median increased at roughly the same percentage rate during the 1990s, and this is why the numbers on relatively low income remain largely unchanged.

The 1998 data suggests that only Greece had a greater proportion of its population on low incomes, relative to the rest of the population, than the UK.

Government targets in the 2002 Public Service Agreements for reducing the numbers living in low income households are expressed entirely in terms of children and, as such, are discussed in the chapter on children.

***How persistent is low income?***

Around a tenth of the population were persistently in the poorest fifth throughout the period 1997/99. The implication is that the other tenth in any particular year were on a higher income in at least one of the other two years.

Interestingly, 1998 data suggests that the UK proportion of population on persistent low income was similar to the EU average. This is somewhat in contrast with the UK's position in having a greater proportion of its population on low income in any given year (see above), and suggests that movements in and out of low income are somewhat more common in the UK than in many other EU countries.

***Who was on low income?***

Of the 12.9 million people below 60 per cent of median income (after housing costs) in 2000/01, around 5 million were children and working age adults in workless households, 5 million were children and working age adults in households where at least one of the adults was in paid work, and 2<sup>3</sup>/<sub>4</sub> million were in households where the head of the household was aged over 60.

Thus, excluding pensioners, around half of those in households with incomes below the threshold were in households where someone was in paid work. Of these, 80 per cent were in households where either one adult was not working, no adults were employed full time, or adults were self-employed. These are the working patterns where the risk of being on low income is greatest.

More than half of all lone parents lived on incomes below 60 per cent of the median, compared with one in five of other adults of working age.

There are also significant geographic variations in the prevalence of low income. For example, 27 per cent of the London population are in the poorest fifth, compared with 14 per cent of those in the rest of the South East. The difference between regions has increased somewhat in recent years.<sup>3</sup> Interestingly, as well as a high proportion of poor people, London also has a high proportion of rich people.

***How deep are the levels of low income?***

The number of people below any particular low income threshold is not the only thing that matters in assessing poverty. What also matters is how far they are below that threshold.

Of the 12.9 million people below 60 per cent of median income after housing costs in 2000/01, around 2 million people were in households that were less than £10 a week below the threshold, 5<sup>1</sup>/<sub>2</sub> million were £10–50 below, 3 million were £50–100 below, and 2<sup>1</sup>/<sub>2</sub> million were more than £100 below.<sup>4</sup>

Within these overall totals, there are major differences between different economic groups. For example, around 50 per cent of children and working age adults in low income households were more than £50 per week below the threshold, compared with 15 per cent of the people aged over 60.

At less than 20 per cent of average earnings, the levels of Income Support are at a historic low in recent times, down from around 30 per cent in 1983. Whilst median income rose by 13 per cent between 1996/97 and 2000/01, the incomes of the poorest tenth of the population rose by only an estimated 7 per cent.<sup>5</sup>

***Why have the numbers on low income fallen in recent years?***

The chances of a particular household having an income below the low income threshold varies hugely, depending on how much the adults are working. Just 4 per cent of households

where all adults are working have low incomes, and 19 per cent of households where one of the couple is in full-time work but the other is not working. In contrast, three-quarters of households where all the adults are unemployed have incomes below the low income threshold.<sup>6</sup> In this context, any fall in the total number of people with low income is a result of two interacting factors, namely changes in the numbers of people in the various economic status (with people shifting out of higher risk groups into lower risk ones), and changes in the risks for each group.

Our analysis suggests that three-quarters of the total fall since 1996/97 was due to changes in the sizes of various groups, while just one quarter was due to changes in the risks for individual groups. The 'size' change was mainly driven by a fall in the number of unemployed households (a high-risk group) and a rise in the number of households with all adults working full time (a low-risk group).

### ***How have the numbers of working age recipients of means-tested benefits changed over time?***

The total number of working age claimants of means-tested benefits and tax credits increased by 60,000 in 2001, following a rise of 150,000 in 2000. However, these rises were entirely due to the more generous levels of the Working Families and Disabled Person's Tax Credits in comparison with the benefits that they replaced. If these benefits and tax credits are excluded then, on a like-for-like basis, the total number of working age claimants of means-tested benefit continued to fall, and by 2001 was three-quarters of the level of 1995. The number of working age long-term recipients of means-tested benefits shows a similar pattern.

Two-fifths of working age claimants have disabilities or are long-term sick, as are half of working age long-term claimants.

### **Choices in the definition of particular indicators**

Following both the UK government and the EU, the 'headline' indicator of low income that we have used in this chapter is '**60 per cent of contemporary median income**'. The various graphs also present trends for a variety of other indicators, including 50 per cent and 70 per cent thresholds, a fixed (or absolute) income threshold, persistence of low income, and recipients of means-tested benefits. The material below explains why the headline indicator has been used and how the other indicators help in illustrating the essence of what has been happening.

The fact that we have used a variety of indicators should not be taken to imply that there is gross uncertainty about how levels of low income have been changing over time. Rather, most of the indicators typically show similar trends over time, even if they give very different answers in terms of absolute numbers (for example, see the first graph of indicator 3). The main exception to this is those indicators that use a fixed (or absolute) threshold of low income – rather than a moving (or relative) threshold. These fixed indicators invariably fall quite quickly in developed countries, as society as a whole becomes richer (for example, see the first graph of indicator 2).

### ***Why 'contemporary income'?***

It is generally accepted that poverty is concerned with a lack of possessions, or ability to do things that are, in some sense, considered 'normal' or 'essential' in society.

What is considered 'normal' depends on the society in which the person lives. So, for example, a widely accepted indicator of third world poverty is the numbers of people living on less than \$1 per day, on the grounds that people on such incomes are literally in danger of starving to death. This threshold is often termed 'absolute income poverty'. But the use of such a threshold in the UK would obviously be completely inappropriate – no one in the

UK lives on incomes anywhere near this low and its use would imply that all people with incomes above \$1 per day did not suffer from serious deprivation.

What is considered 'normal' also changes over time. Levels of income that would have been considered adequate in the UK 100 years' ago would certainly not be considered to be adequate nowadays. Rather, as society becomes richer, so norms change and the levels of income and resources that are considered to be adequate rise. Unless the poorest can keep up with growth in average incomes, they will progressively become more excluded from the opportunities that the rest of society enjoys.

The conclusion is that the main indicators of low income in the UK – and thus of income poverty – should be defined in terms of thresholds that rise or fall as average incomes rise or fall. Such thresholds are often termed 'moving thresholds' or indicators of 'relative poverty'. This conclusion is generally accepted by most researchers, by the EU and by the UK government.

However, sole reliance on moving thresholds can become misleading if either average income falls or if it rises dramatically over a sustained period of time. In the former case, even if the lowest incomes remained unchanged, this would clearly not represent an improvement in the capacity of the poorest to attain what society had become accustomed to as the norm. In the latter case (as has been the experience in Ireland over the last ten years or so), sole reliance on moving thresholds can give a misleading impression by suggesting that no progress has been made in reducing the extent of poverty. The conclusion is that the use of fixed thresholds combined with moving thresholds can help to provide a fuller picture of what is happening to the extent of income poverty.

#### ***Why 'median income'?***

The main advantage of using median income as the definition of the average, rather than mean income, is that it is less sensitive to changes in the incomes for groups of the population. For example, if everybody below half mean income were given enough money to bring them up to half mean then, assuming all else was equal, the mean itself would rise. By contrast, if everybody below half of the median were given enough to bring them to that threshold, the median would still remain the same. This gives the median a practical advantage in terms of setting targets and goals for the numbers below a certain threshold. Furthermore, unlike the mean, the median is unaffected by changes in the incomes of the very rich and, in our view, this makes it a better indicator of what is considered normal in contemporary society.

#### ***Why '60 per cent' as the main threshold?***

Until relatively recently, the most commonly used threshold of low income in the UK was '50 per cent of mean income'. The rationale for choosing 50 per cent was twofold. First, it represented a level of income that was of the same order of magnitude as independent experts' estimates of 'low, but acceptable' levels of income; and, second, it was arithmetically simple and relatively easy to understand. When it was understood that income thresholds should be defined in terms of the median, rather than the mean, 60 per cent of median income was chosen as it was roughly the same income level as the 50 per cent of the mean level that had been used in previous years.

However, as previously discussed, looking at a variety of thresholds potentially provides a fuller picture of what is happening, and some of our indicators therefore use both 50 per cent of median and 70 per cent of median, as well as 60 per cent.

If, as we have previously recommended, the government ever commissions independent research on what levels of income would constitute the 'minimum acceptable level of

income', then we would be happy to use such definitions in our indicators – so long as these levels of income then rose over time as average income rises.

### ***Why income in a single year?***

Some commentators argue that an exclusive focus on income at a single point in time does not provide a full picture. They point out that some people ('those at risk of poverty') can temporarily have low incomes but not be suffering serious deprivation, whilst others ('those emerging from poverty') can temporarily have higher incomes but still be suffering material deprivation.<sup>7</sup> Rather, they argue, an important aspect of poverty is the lack of essential goods and services that arises from prolonged periods on low income.

We are sympathetic to such arguments. In response, some of our indicators (indicators 5 and 6) look at incomes over time and, in particular, the numbers of people who are persistently on low incomes. Furthermore, some of the indicators in other chapters look at the numbers of people who lack certain essential goods and services, such as food, transport, telephones and bank accounts.

Note that we have not attempted to construct more complex indicators that combine lack of income and lack of essential goods and services, using surveys and statistical techniques to define what is considered 'essential'. Such indicators could not easily be constructed and updated on an annual basis from government surveys.

## **Technical matters**

### ***Housing costs***

In common with most other commentators, most of the data in this chapter is presented on an '**after housing costs**' basis: this is disposable income after housing costs have been removed. The reasons for this are twofold: first, housing costs can vary considerably for people in otherwise identical circumstances (e.g. pensioners who have paid off their mortgage versus pensioners who are renting); and, second, unlike a 'before housing costs' basis, the 'after housing costs' calculations are not affected by such matters as whether housing benefit – which provides for the housing costs of many of the poorest – is considered to be income or not.

Whilst the 'after housing cost' calculations are generally agreed to be more accurate, they do have the disadvantage of making the absolute levels of income less meaningful, as people find it difficult to interpret income levels after housing costs have been removed. For this reason, those of our indicators that are in terms of absolute income levels (e.g. indicator 1) are presented on a '**before housing costs**' basis.

### ***Equivalisation***

Clearly, a lone adult does not require the same income as a family of four in order to have the same standard of living. However, importantly but less obviously, economies of scale mean that the family of four does not require four times the level of income: many costs can be shared. To estimate the numbers of people below particular income thresholds requires that these incomes are adjusted to reflect the family grouping, and thus put on a like-for-like basis. This process is called 'equivalisation'. In the UK, there are agreed equivalisation scales. For example, the income of a couple is divided by around 1.8 to put it on the same basis as a single adult, and the income of a family of two adults plus two children is divided by around 2.6.<sup>8</sup>

**Relevant Public Service Agreement targets**

Public Service Agreement 2002, DWP and Treasury, Target 1 Reduce the number of children in low income households by at least a quarter by 2004, as a contribution towards the broader target of halving child poverty by 2010 and eradicating it by 2020.

Public Service Agreement 2002, DWP and Treasury, Target 2 Double the proportion of parents with care who are on Income Support and income-based Jobseeker's Allowance and who receive maintenance for their children, to 60% by March 2006.

Public Service Agreement 2002, DWP and Treasury, Target 5 Reduce the proportion of children in households with no one in work over the 3 years from Spring 2003 to Spring 2006 by 6<sup>1</sup>/<sub>2</sub>%.

**Selected major initiatives under way**

Policy	Start date	Key department	Key delivery agency	Budget/target/comments
National minimum wage	April 1999: introduced October 2000: uprated October 2001: uprated October 2002: to be uprated	DTI	Inland Revenue and employers	When first introduced, set at £3.60 for those over 22 years, unless in an exempt category or on a registered training scheme (in which case, only £3.20). £3.00 per hour for those aged 18 to 21. Increased in October 2000 to £3.70 (£3.20 for those aged 18 to 21). Increased in October 2001 to £4.10 (£3.50 for those aged 18 to 21). To be increased to £4.20 (and £3.60) in October 2002. The Low Pay Commission estimated that the original national minimum wage affected 1.3 million jobs, potentially rising to 1.5 million after the 2001 and 2002 increases.
Working Families Tax Credit (WFTC) (replaced Family Credit)	October 1999: introduced October 2000: uprated April 2001: uprated October 2001: uprated April 2002: uprated June 2002: to be uprated October 2002: to be replaced by a combination of Working Tax Credit and Child Tax Credit in April 2003	Treasury and DWP	Inland Revenue and employers	For families/one parents with one child or more, who are working for a minimum of 16 hours/week. It consists of a basic element, an element for those working 30+ hours per week, and an element for each child. Help towards childcare cost is also available. When first introduced, guaranteed a weekly gross income of £200 for a family with one full-time worker. No tax until £235 per week for families with one full-timer (55p taper, down from 70p under Family Credit). The level of the credit depends on the number of children, how many hours worked (the minimum is 16 hours), childcare costs and levels of savings. Increased in October 2000, minimum income guarantee to £208. Increased in April 2001, minimum income guarantee to £214. Also, no tax is paid until earnings of £250 are reached, for a family with one full-timer. Increased in October 2001, minimum income guarantee to £225. Increased in April 2002, minimum income guarantee to £227. Increased in June 2002, minimum income guarantee to £230. Increased in October 2002, minimum income guarantee to £231. As of November 2001, 1.3 million families were claiming (nearly 1/2 million more than Family Credit).

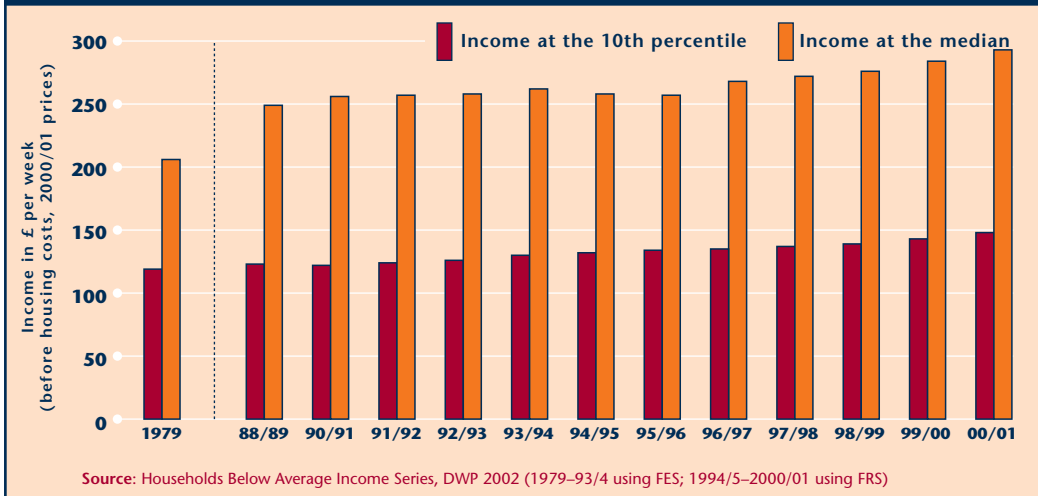
Policy	Start date	Key department	Key delivery agency	Budget/target/comments
Childcare allowance (part of the Working Families Tax Credit)	October 1999: introduced April 2001: uprated	Treasury and DWP	Inland Revenue and employers	Provides £5bn of help each year, compared with £3½ billion for Family Credit. The 2002 budget estimated that families on WFTC are, on average, £40 a week better off than they were under Family Credit. Those with a net weekly income below £92.90 per week receive the maximum WFTC. Above that, for every pound earned over that level, 55p is deducted from the amount payable. Savings are also taken into account: those with over £8,000 cannot claim WFTC and those with savings of under £3,000 are unaffected. For every £250 over £3,000 savings, £1 is added to the net weekly income. Income from most other benefits, including Child Benefit, Housing Benefit, Disability Living Allowance and Council Tax Benefit, is not included in the calculation for entitlement to WFTC.
Children's Tax Credit (replaced Married Couples' Allowance)	April 2001: introduced	Treasury and DWP	Inland Revenue and employers	When first introduced, up to 70% of childcare costs for working parents, up to a limit of £100 for one child and £150 for 2+ children. Raised in April 2001 to £135 for one child and £200 for 2+ children. Since its introduction, around 90,000 families have claimed. Payable to anyone paying tax who has a child aged 16 or under (implemented as a reduction in the tax bill of the claimant). Maximum tax reduction of £529 per annum (double in the first year of the child's life). This compares with £197 for the Married Couples Allowance. Maximum amount for the family element will be given to those on an annual income of £32,750 or less. For every £15 above this, £1 will be deducted. Estimated to reach 5 million low income families at an estimated expenditure of £2bn in 2001/02.
Disabled Persons Tax Credit (replaced Disability Working Allowance)	October 1999: introduced April 2001: uprated October 2001: uprated April 2002: uprated June and October 2002: to be uprated To be replaced by Working Tax Credit in April 2003	Treasury and DWP	Inland Revenue and employers	Originally guaranteed a weekly income of £231 for a couple with one child. Raised in April 2001 to £246 per week. Raised in April 2002 to £260 per week. Raised in June 2002 to £263 per week. Raised in October 2002 to £264 per week. Operates like the Working Families Tax Credit, except no children are required to be eligible. 32,000 people are currently receiving the tax credit (70% more than the Disability Working Allowance at its peak). To be replaced by Working Tax Credit in April 2003.
National Childcare Strategy	May 1998: introduced	DfES	Local authorities	Aims to create up to 1 million accessible and affordable new childcare places by March 2004. Around half a million had benefited from extra childcare places between April 1997 and September 2001.

Policy	Start date	Key department	Key delivery agency	Budget/target/comments
Increase in Child Benefit	April 1999: uprated April 2000: uprated April 2001: uprated April 2002: uprated	Treasury	Child Benefits Agency	By December 2004, there should be a childcare place in the most disadvantaged areas for every lone parent entering employment. Budget of £66m in 2000/01 to over £200m by 2003/04.  Increased in April 1999 to £14.40 eldest child (a £2.50 increase above inflation). Increased in April 2000 to £15 eldest child, £10 for other children and £17.55 for eldest child of lone parents. Increased in April 2001 to £15.50 eldest child, £10.35 for other children and £17.55 for eldest child of lone parents. Increased in April 2002 to £15.75 for eldest child, £10.55 for other children and remains at £17.55 for eldest child of lone parent.
Increase in Child Allowance within Income Support	November 1998: uprated October 1999: uprated April 2000: uprated October 2000: uprated April 2002: uprated	DWP	Jobcentre Plus	Raised in November 1998 by £2.50 per week. Raised in October 1999 by £4.70 per week. Raised in April 2000 by £1.10 per week. Raised in October 2000 by £4.35 per week. Raised in April 2002 by £3.50 per week. Estimated to benefit around 3 million children. Budget of £700m in 2001/02. Child premium to be replaced by the Child Tax Credit in April 2003.
Pensioners' Minimum Income Guarantee (MIG)	April 1999: introduced April 2000: uprated April 2001: uprated April 2002: uprated To be subsumed within Pension Credit in April 2003	DWP	Pension Service	When introduced, set at £75 a week for single pensioners and £116.60 for pensioner couples, representing increases of around £4 and £7 respectively over the levels of Income Support that were previously available. Raised in April 2000 to £78.45 for single pensioners and £121.95 a week for pensioner couples. Raised in April 2001 to £92.15 and £140.55 respectively. Raised in April 2002: to £98.15 and £149.80 respectively. Available to anyone with savings of no more than £12,000. Take-up was estimated to be 64-78% – almost 1 1/2 million for 1999/2000 (most recent statistics available). In April 2002, the Government estimated that 2 million pensioners were benefiting, and announced the set up of the Pension Service (a network of 26 Pension Centres) to promote further take-up. Budget estimated at £3.8bn for 1999/00, £4.1bn for 2000/01, and £4.4bn for 2002/03.
Second State Pension	April 2002: introduced	DWP	Pension Service	An extension to SERPS and will double income provided by SERPS for those on incomes of less than £10,800. 18 million people are expected to benefit.

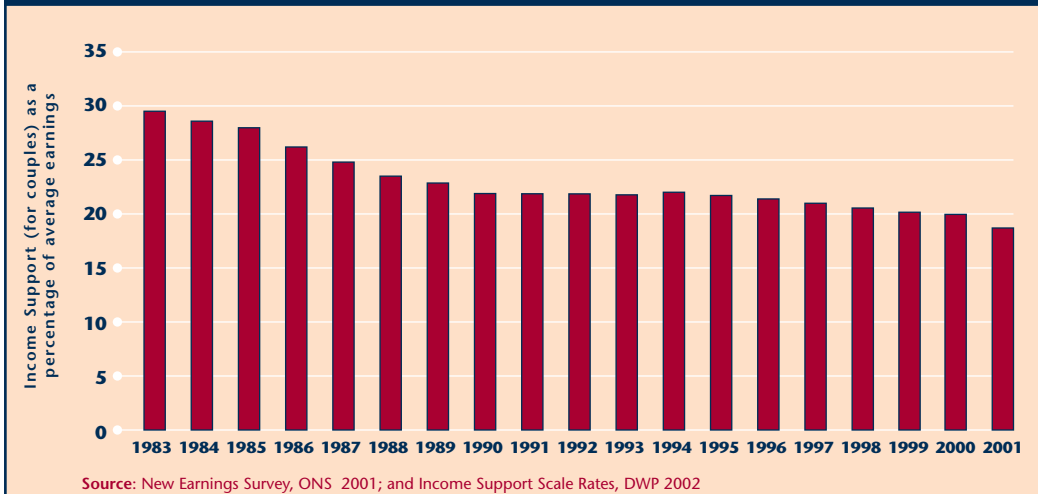
# Gap between low and median income

Indicator 1

**Disposable incomes for households nine-tenths of the way down the income distribution remained at around half those of middle-income households throughout the 1990s.**



**In 2001, Income Support fell to below 20 per cent of average earnings, compared with 22 per cent in the mid-1990s and nearly 30 per cent in the early 1980s.**



The first graph shows the income of households (composed of a couple with no children) at different points on the income distribution: for a 'poorer' individual at the 10th percentile (i.e. 10 per cent of the population received an income below that value); and for an 'average' individual at the 50th percentile (i.e. the median).

Income is weekly disposable household income, adjusted for the size of the household, before housing costs, measured at 2000/01 prices. The data source is Households Below Average Income, based on the Family Expenditure Survey (FES) to 1993/94 and the Family Resources Survey (FRS) thereafter. The data relates to Great Britain and has been equalised for different household compositions.

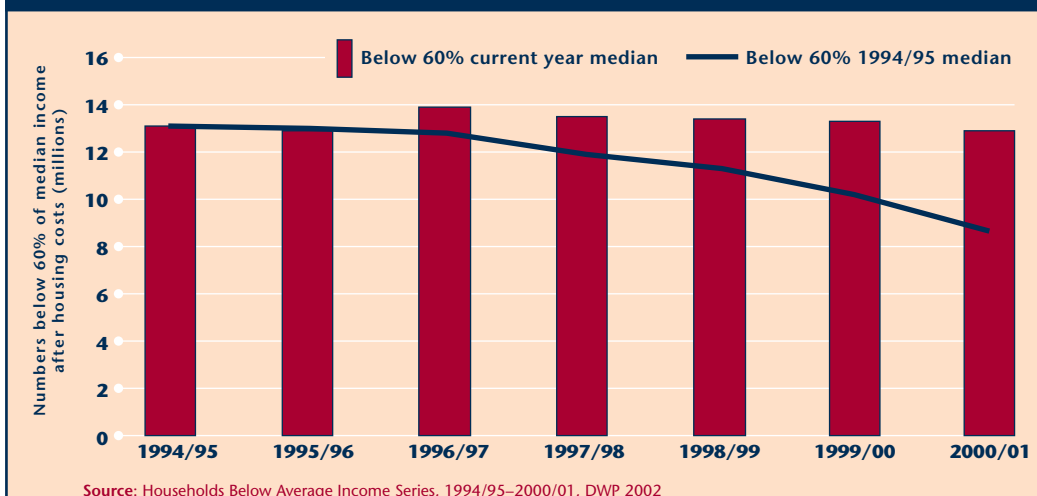
The second graph shows the value of Income Support for a married couple as a percentage of the average gross weekly pay of a full-time employee on adult rates. Note that the New Earnings Survey (NES) data includes individual employees and not couples. Care should therefore be taken when comparing NES data with Income Support data.

Overall adequacy of the indicator: **high**. The FES and FRS are both well-established annual government surveys, designed to be representative of the population as a whole. Note, however, that they only cover people living in private households and do not cover people in residential institutions (such as nursing homes), sleeping rough, or in bed and breakfast accommodation.

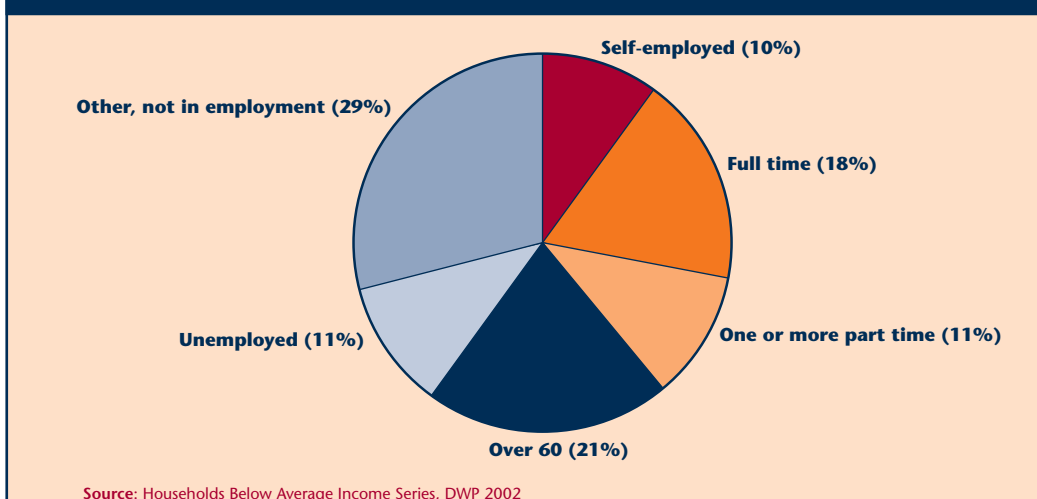
# Individuals with low income

Indicator  
2

**In 2000/01, thirteen million people lived in low income households – the same as five years earlier. As real incomes have risen, the numbers below a fixed 1994/95 low income threshold have fallen to 9 million.**



**Two in five of those living on low incomes live in households where the head of household has some form of paid work.**



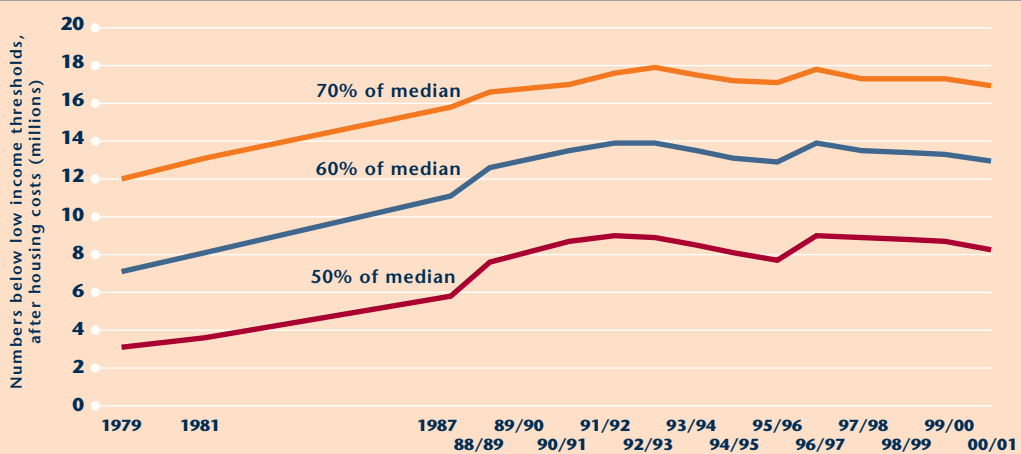
The first graph shows the number of people below half average income for years since 1994/95. Two measures are shown, corresponding to two different definitions of low income: 'relative' low income, i.e. 60 per cent of the current year average (median) income; and 'fixed' low income, i.e. 60 per cent of the 1994/95 median income (adjusted for price inflation). The second graph classifies those below 'relative' low income in 2000/01 according to the economic status of the head of household. 'Other, not in employment' includes those without work who are long-term sick, or disabled, or lone parents. Income is disposable household income equalised for household membership, after housing costs. The data source is Households Below Average Income, based on the Family Resources Survey (FRS). The data relates to Great Britain. Data is equalised (adjusted) to account for variation in household size and composition. The income needs of a single person with no dependants, for example, are lower than that of a family with children. Income is divided into scales which vary according to the number of adults and the number and age of dependants in the household.

Overall adequacy of the indicator: **high**. The FRS is a well-established annual government survey, designed to be representative of the population as a whole.

# Intensity of low income

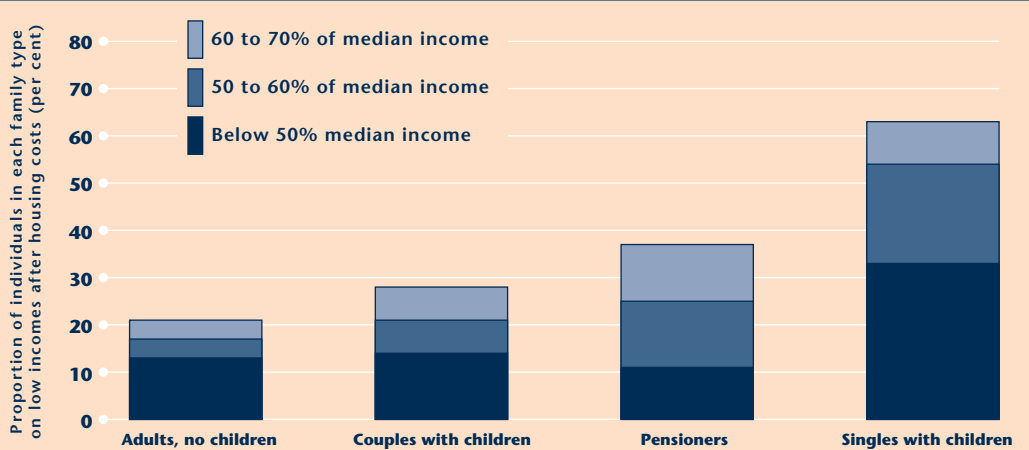
Indicator  
3

**The numbers on low incomes have been falling steadily since 1996/97, but are still nearly double the levels of the late 1970s.**



Source: Households Below Average Income Series, DWP 2002 (1979–1993/94 using FES data; 1994/95–2000/01 using FRS)

**Lone-parent families are more than twice as likely to be on low incomes as couples with children, and three times as likely as adults without children.**



Source: After Housing Costs data from Households Below Average Income Series, 1994/95–2000/01, DWP 2002

The first graph shows the number of people below 50 per cent, 60 per cent and 70 per cent of current year median income from 1979. Note that no data exists for 1980, 1982–86 and 1998–90.

The second graph, using data for 2000/01, shows the percentages below each of the three thresholds for each family type. The types are: one or more adults without children; couples with children; lone adults with children; and pensioners.

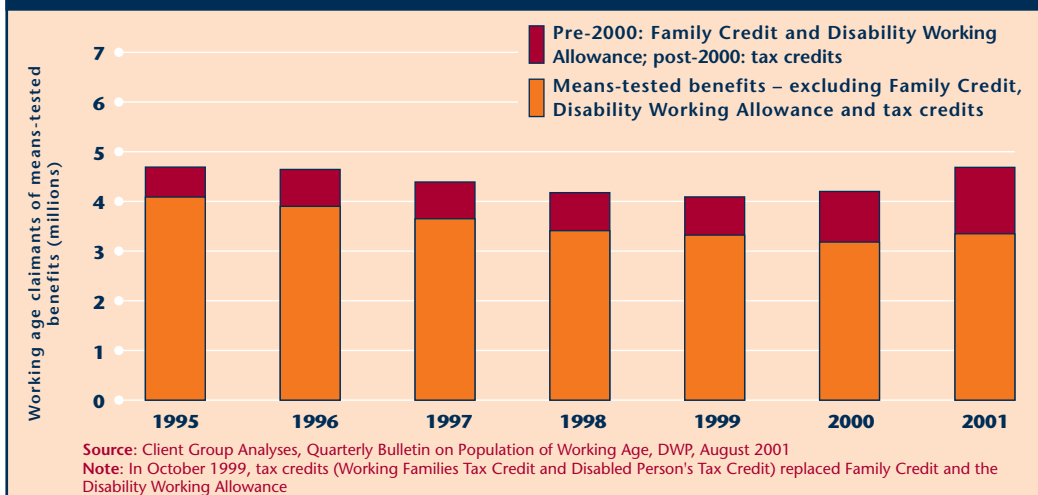
The data source for both graphs is Households Below Average Income, based on the Family Expenditure Survey (FES) data 1993/94 and Family Resources Survey (FRS) thereafter. The data relates to Great Britain. Income is disposable income, equivalised (adjusted) to account for variation in household size and composition. For example, the income needs of a single person with no dependants are lower than that of a family with children. Income is divided into scales which vary according to the number of adults and the number and age of dependants in the household.

Overall adequacy of the indicator: **high**. The FRS and FES are both well-established annual government surveys, designed to be representative of the population as a whole. A qualification is that numbers below 50 per cent are subject to greater uncertainty, particularly when looking at different family types separately: there is some tendency for the data to under-represent young single people on low incomes and to over-represent families with children on low incomes.

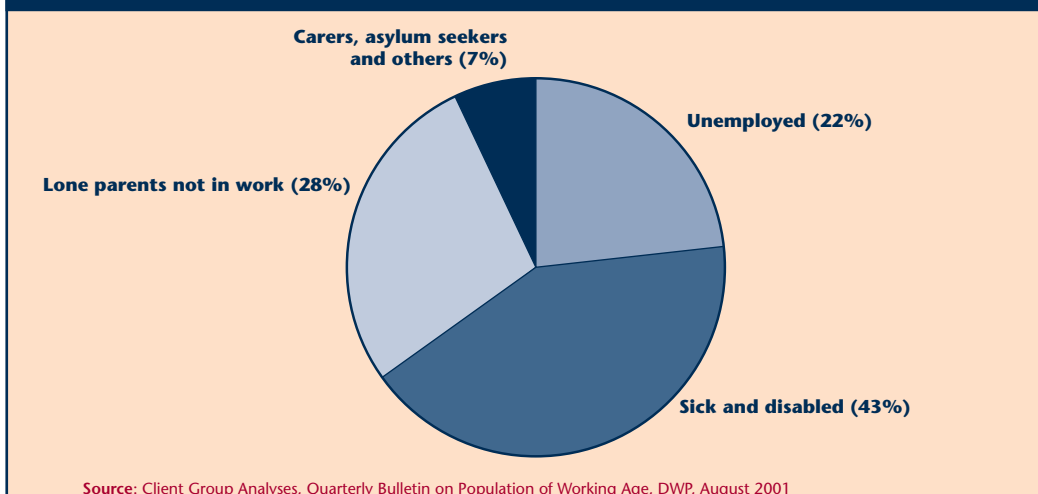
# In receipt of means-tested benefit

Indicator  
4

**On a like-for-like basis, the number on means-tested benefits has fallen by a quarter since 1995.**



**Sick and disabled people make up two-fifths of all working age people on a means-tested benefit.**



The first graph shows the total number of working age people in receipt of a means-tested benefit or (from 2000) a tax credit. In order to retain comparability over time, recipients of means-tested benefits are split between those in receipt of Income Support or Jobseeker's Allowance, and those in receipt of Family Credit or Disability Working Allowance. The latter two became tax credits in October 1999 and are now known as the Working Families Tax Credit and the Disabled Person's Tax Credit respectively.

The second graph shows the relative sizes of different groups on means-tested benefits only (Income Support, Jobseeker's Allowance) for August 2001.

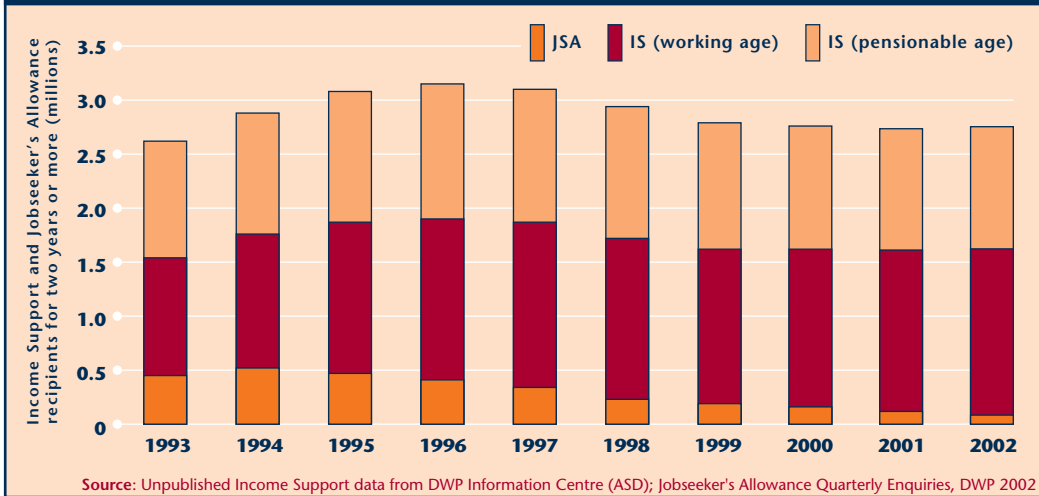
The data is based on information collected by the DWP for the administration of benefits and by the Inland Revenue for the administration of tax credits. For benefits, by matching data from individual samples, an estimate can be made of the number of people claiming at least one of the key benefits that are available to the population of working age. Analysis of such factors as family type and numbers of children is based only on those for whom some additional allowance of benefit is payable. The data does not include those whose incomes make them eligible, but nevertheless do not claim benefit to which they are entitled.

Overall adequacy of the indicator: **high**. The data is thought to be very reliable and this provides an accurate count of those on benefit.

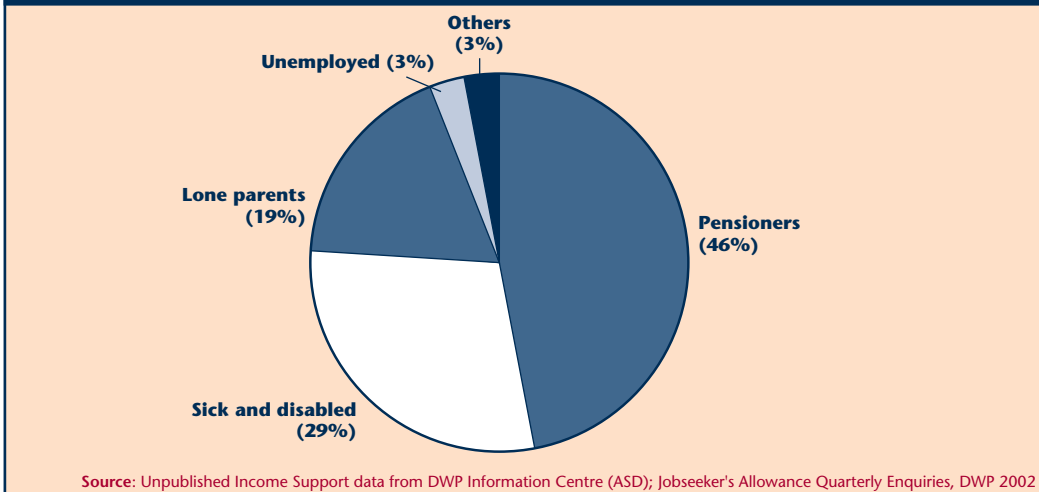
# Long-term recipients of benefit

Indicator 5

The number of long-term claimants of means-tested benefits has remained broadly unchanged in recent years. One and a half million of those currently claiming means-tested benefits are of working age.



Pensioners make up almost half of those on means-tested benefits, sick and disabled people make up a quarter, and lone parents make up a fifth.



The first graph shows the number of people receiving either Income Support (IS) or Jobseeker's Allowance (JSA) in February of each year who had been receiving benefit for two years or more.

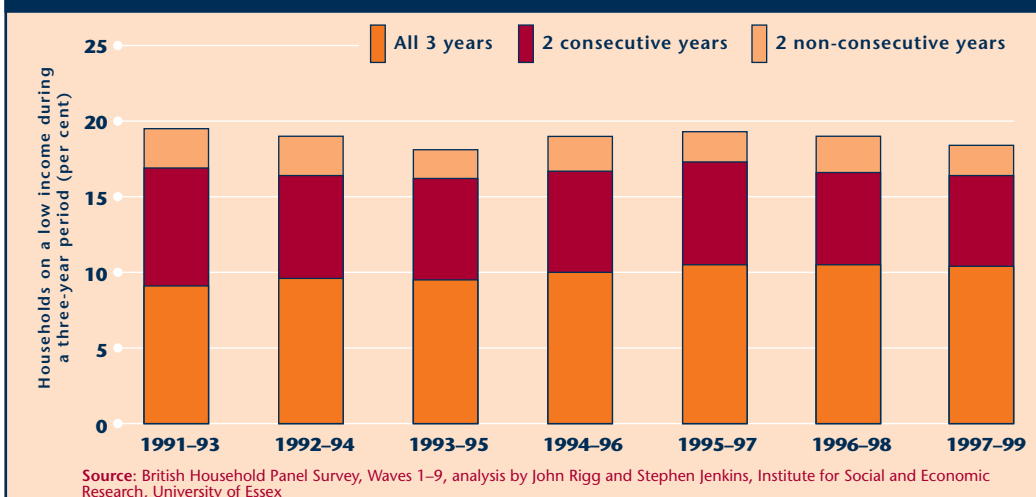
The second graph shows the breakdown for 2002 according to types of claimants. 'IS for pensioners' and 'the Minimum Income Guarantee for pensioners' are used by DWP (and ourselves) as synonymous terms and are thus included in the figures.

Overall adequacy of the indicator: **high**. The data is thought to be very reliable. It is based on information collected by the DWP for the administration of benefits. By matching individual samples, a 'best estimate' can be made of the number of people claiming at least one of the key benefits that are available to the working population in each region.

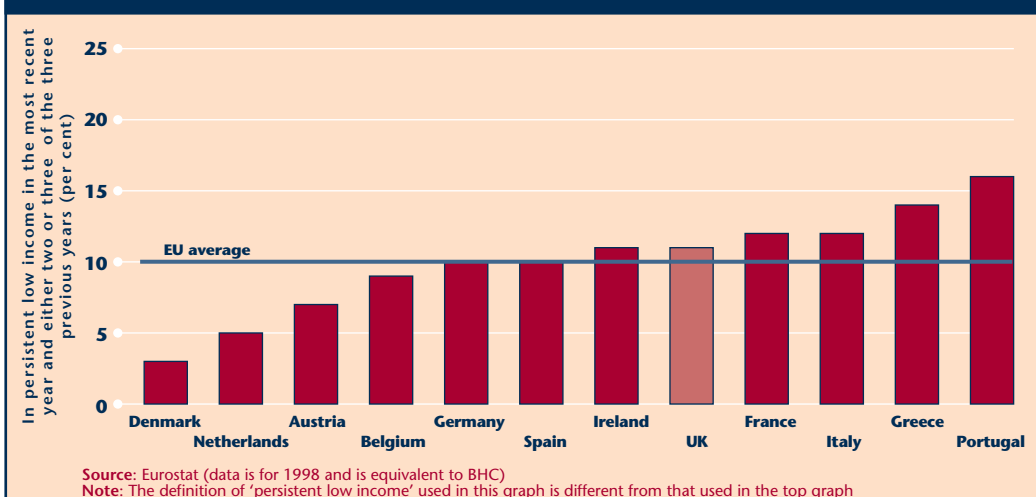
# Periods of low income

Indicator  
6

**Nearly a fifth of the population – around 10 million people – continues to experience low income at least two years in three.**



**In 1998, the UK had a similar proportion of the population on persistent low income as the EU average.**



The first graph shows the number of people on low income in at least two years out of three between 1991-93 and 1997-99 (the latest years for which the analysis is available). The bars are split to show those on low income in all three years, those in two consecutive years only, and those in the first and the third year only. The second graph looks at transitions in and out of low income. It takes a four-year period (1996-99) and classifies individuals who have experienced at least one year of low income in that period according to the number of times they switch into or out of low income.

Income is net disposable income before housing costs, deflated and equivalised for the size of the household. Persons have low income in a given year if they are among the poorest fifth of people in that year. This group is similar to, but not the same as, the people who have an income below 60 per cent of the median.

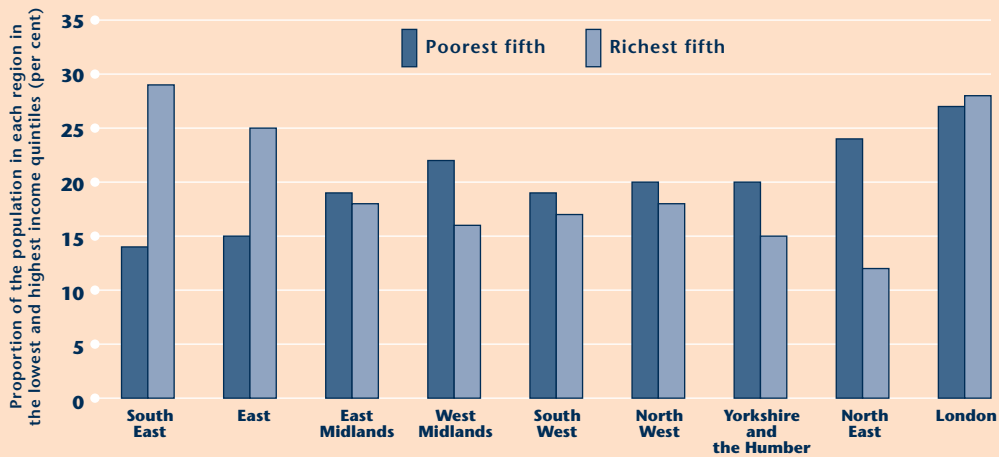
The second graph looks at proportion of the population in persistent low income across 12 EU countries. In this graph, individuals in persistent low income are defined as those whose income is below 60 per cent of the national median (measured before housing costs) in the most recent year and either two or three of the three previous years – this is a different definition than that used in the first graph. Data is for 1998 and is from the European Household Panel Survey.

Overall adequacy of the indicator: **medium**. The British Household Panel Survey is a much smaller survey than the Family Resources Survey and suffers from a loss of members over time. Care is also required in interpreting the percentages since all that is recorded is the income of the individual at a point in each year, rather than continuously.

# The location of low income

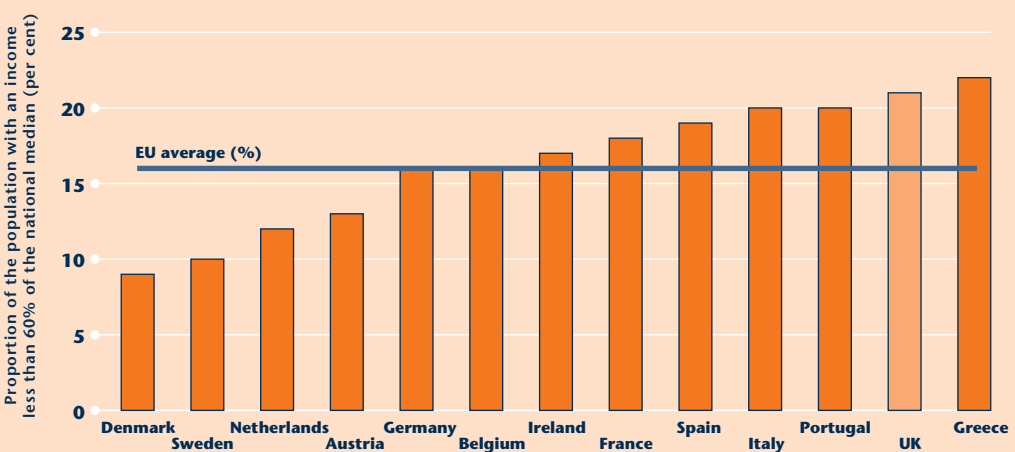
Indicator  
7

**London has the highest proportion of people on a low income, but also has a high proportion of people on a high income.**



Source: Households Below Average Income Series, 1994/95–2000/01, DWP 2002

**In 1998, the UK had a greater proportion of its population on low income than any other EU country except Greece.**



Source: Eurostat (data is for 1998 and is equivalent to BHC).

The first graph shows the proportion of the population whose income is in the lowest and highest income quintiles in each region in Great Britain in 2000/01. The data source is Households Below Average Income, based on the Family Resources Survey (FRS).

The second graph shows the proportion of people in EU countries with an equivalised income that was less than 60 per cent of the median for their country in 1998 on a before housing costs basis. Sixty per cent of median income is the preferred EU measure of levels of poverty. The average is for the 13 EU countries shown.

Overall adequacy of the indicator: **high**. Data for the first graph is from the FRS, which is a well-established annual government survey, designed to be representative of the population as a whole. Note, however, that the data for the second graph is from the European Community Household Panel, which is a smaller survey compared with the FRS and suffers from a loss of members over time. The adequacy of this graph can be considered medium.

# 2 Children

## Why the indicators were chosen

### *Economic circumstances*

The particular concern with children's economic circumstances arises partly from the high numbers of children in poor households and partly because of the effect of childhood poverty on the likelihood of disadvantage later in life.

A large number of children are in households where none of the adults have paid work. The first indicator is the '**number of children living in workless households**'.

In Britain, a greater proportion of children live in poverty than adults. The second indicator for children's economic circumstances is the '**number of children living in households with less than half average income**'.

### *Health and well-being*

Our first indicator of health inequalities is the '**percentage of low birth-weight babies by social class**', chosen because it is closely correlated with poor health in the first weeks of life, with death before the age of two years and with ill health in later years.<sup>1</sup>

The second indicator is the '**number of accidental deaths amongst children aged 0 to 15 years old**'. Accidents have historically been the commonest cause of hospital admission for children aged 5 to 15 years,<sup>2</sup> and the biggest single cause of childhood deaths.<sup>3</sup>

### *Education*

Those without qualifications are at a higher risk of being unemployed or on low wages as adults. More generally, success in acquiring formal qualifications bolsters self-esteem, and enhances a healthy development of self-identity. The first educational indicator is the '**numbers failing to obtain a qualification above a Grade D at GCSE**'.

Permanent school exclusions have been the focus of public attention in the last few years and a high proportion of children excluded from school, particularly those at secondary level, do not return to mainstream education. The second education indicator is the '**number of children permanently excluded from school**'.<sup>4</sup>

### *Social stability*

Successful child development depends in part on stable emotional and physical environments. The first indicator of social stability reflects one aspect of family stability, the '**number of children whose parents divorce**'. Family breakdown is associated with the development of mental health problems in children and young people,<sup>5</sup> and with lower educational attainment and employment prospects.<sup>6</sup>

One economically vulnerable group is girls who give birth as teenagers.<sup>7</sup> The second indicator of social stability is the '**number of births to girls conceiving under age 16**'.

The final indicator is the '**number of children in custodial care**'. High re-conviction rates of those aged under 17 discharged from custody<sup>8</sup> illustrate the heightened risks of young offenders developing criminal careers that may exclude them from mainstream society on a long-term basis.

## What the indicators show

### *Some progress in alleviating child poverty, but still a long way to go*

In 2000/01, 3.9 million children were living in low income households, using a low income threshold of 60 per cent of median income after deducting housing costs. This represents a fall of 0.5 million since 1996/97 and is 200,000 less than in 2000/01. The short-term trend is therefore favourable.<sup>9</sup>

However, a longer-term perspective illustrates how much more progress is still needed. The falls in recent years have, thus far, only been sufficient to bring the numbers back to what they were in 1995/96, and they are still double what they were 20 years ago. With 30 per cent of all children still in low income households, they are noticeably more likely to suffer from income poverty than adults.

More than half of children of lone parents are below the low income threshold, and these children represent nearly half of those in low income households.<sup>10</sup>

Finally, there is substantial geographic variation, with 40 per cent of children in London being in low income households compared with 22 per cent in the South East.<sup>11</sup>

### *The government's 2004 target remains possible – but only just*

Tackling child poverty is clearly at the centre of the government's anti-poverty strategy. Within this, reducing the number of children in low income households is its major strategic objective. The 2002 Public Service Agreement sets out the government's targets very clearly: "To reduce the number of children in low-income households by at least a quarter by 2004, as a contribution towards the broader target of halving child poverty by 2010 and eradicating it by 2020."<sup>12</sup> The income threshold used to monitor progress is explicitly defined in the supporting technical notes as '60 per cent of contemporary median income' and the baseline year is 1998/99. It is understood that the 2004 target relates to 2004/05.

In 1998/99, there were 4.2 million children living in households below the low income threshold (after housing costs have been deducted). So, the target is for there to be 3.2 million children or less below the threshold by 2004, and 2.1 million by 2010. Given the 3.9 million figure in 2000/01, achieving the 2004 target will therefore require a further fall of 700,000 over the following 4 years.

Simple arithmetic suggests that the government's target is potentially achievable: the 2000/01 figures were around a third of the way through the period and around a third of the target had been achieved. But further progress cannot be taken for granted. The initial impact of the national minimum wage and Working Families Tax Credit has already been included in the 2000/01 figures. Furthermore, the main reason that the numbers have fallen in recent years is because the numbers of unemployed (a high risk group) fell and the numbers of employed (a low risk group) rose, rather than because the risk of low income of either group changed substantially.<sup>13</sup> With unemployment at a historic low, there appears to be limited scope for further falls of this type.

### *Substantial numbers of children still in workless households*

In Spring 2002, around 2 million children were living in **workless households**, a reduction of 500,000 since its peak in 1994. This rate of reduction does, however, compare unfavourably with the halving in unemployment over the same period. One of the reasons for this is the continuing large number of sick and disabled parents who will probably never obtain paid work.<sup>14</sup>

Analysis of key benefit recipients shows a similar picture: whereas the numbers of households

without children in receipt of such benefits reduced by a third between 1995 and 2001, for families with children the reduction was around a fifth.

Given that around half of children in low income households are also in workless households,<sup>15</sup> these figures imply that, at some time, substantial reductions in income poverty amongst children will depend on adequate policies being in place to relieve poverty in households that remain workless, in addition to those work-related policies that are the focus of much of the current political debate.<sup>16</sup>

### ***Education: a possible slow down in the rate of improvement?***

Around 150,000 **16-year-olds** – 25 per cent of the relevant population – failed to achieve any GCSEs above a grade D in 2000/01. Interpretation of these figures depends on the time horizon that is used. On the one hand, the number fell by a fifth during the 1990s, and by a sixth since their most recent peak in 1994/95. On the other, the numbers actually rose slightly in 2000/01 and another similar rise in 2001/02 would see the numbers back near where they were in 1993/94. Whichever interpretation is used, it is clear that low attainment at school remains a serious problem.

A total of 25,000 – 4 per cent of the relevant population – failed to achieve any grades at all. Whilst the numbers fell by a third during the 1990s, there was no further fall between 1998/99 and 2000/01.

Levels of low attainment for a lower age group – **11-year-olds** – show a similar pattern of substantial falls in the failure rates for Key Stage 2 English and Maths over a 5-year period, but little change over the most recent year (2001).

For 11-year-olds at least, however, it does appear that schools in more deprived areas are fully sharing in the improved educational outcomes: failure rates in English and Maths in schools with relatively high numbers of children on free school meals fell by a third between 1996 and 2001, the improvements continued in 2001, and the 2001 results were actually better than the all-schools average in 1996.

The government has a range of targets for improved educational performance. Notably, those announced in the 2002 Public Service Agreement include several that specifically relate to educational inequalities between schools, for example, to significantly reduce the number of schools in which fewer than 65 per cent of pupils achieve Level 4 in Key Stage 2 English and maths. These targets complement initiatives such as Education Action Zones and Sure Start, which focus on particular geographic areas.

After dropping sharply between 1997/98 and 1999/2000, the number of **school exclusions** rose in 2000/01. The sizeable changes in the statistics from year to year suggest that government policy – which has undergone several changes in recent years – can have a substantial and immediate effect on these figures. Pupils of black Caribbean ethnic background are much more likely to be permanently excluded than white pupils.

### ***A mixed picture for health and social stability***

Although quite a lot of data is available on various aspects of health and social stability amongst children, most of it is somewhat out-of-date, with 2000 typically being the latest year available. In part, this is because there appears to be some delay in the government processing of the 2001 data in some areas – notably accidental deaths and numbers of children in custody – so these two sets of graphs are unchanged from last year's report.

The number of **accidental deaths** of children halved during the 1990s and, furthermore, it appears that the falls were greatest in children from manual backgrounds.<sup>17</sup> The UK now has the

lowest rate of child deaths from injuries in the developed world, second only to Sweden, according to UNICEF.<sup>18</sup>

In contrast, the proportion of babies who are of low birth weight did not change between 1995 and 2000, with noticeable differences in the incidence of low birth-weight babies across social classes.

The number of **births to girls conceiving before their 16th birthday** fell by 20 per cent between 1996 and 2000, following its peak in 1996, but the vast majority of these births were concentrated in manual backgrounds. Rates of teenage conception in Britain remain much higher than elsewhere in Western Europe.<sup>19</sup>

The government has initiated a variety of policies and targets to address some of these issues, many centred on the Sure Start initiative. It is still too early to assess the impact of this initiative, as it only began in June 1999 and the latest data available is for 2000. One issue for such an assessment is whether the inequalities between social classes also diminish, as well as the overall totals. In this context, it is interesting to note that the reduction of health inequalities features prominently in the government's 2002 Public Service Agreement, with a specific target to reduce inequalities in health outcomes by 10 per cent by 2010, as measured by infant mortality and life expectancy at birth.

The number of children aged 10 to 16 in **young offender** institutions and secure units rose throughout the 1990s, rising by more than a half. This is despite the fact that the number of children found guilty or cautioned of an indictable offence actually fell over the same period.

**Indicator 8: Living in workless households**  
**Indicator 9: Living in low income households**

**Relevant Public Service Agreement targets**

Public Service Agreement 2002, DWP and Treasury, Target 1	Reduce the number of children in low income households by at least a quarter by 2004, as a contribution towards the broader target of halving child poverty by 2010 and eradicating it by 2020.
Public Service Agreement 2002, DWP and Treasury, Target 5	Reduce the proportion of children in households with no one in work by 6 1/2% over the 3 years from Spring 2003 to Spring 2006.

*For details of relevant major initiatives, see those listed in the income chapter.*

**Indicator 10: Low birth-weight babies**  
**Indicator 11: Accidental deaths**  
**Indicator 15: Births to girls conceiving under age 16**

**Relevant Public Service Agreement targets**

Public Service Agreement 2002, Department of Health, Target 7	Improve life outcomes of adults and children with mental health problems through year-on-year improvements in access to crisis and CAMHS services, and reduce the mortality rate from suicide and undetermined injury by at least 20% by 2010.
Public Service Agreement 2002, Department of Health, Target 9 (part)	Improve life chances for children, including by: <ul style="list-style-type: none"> <li>• reducing the under-18 conception rate by 50% by 2010.</li> </ul>
Public Service Agreement 2002, Sure Start, Childcare and Early Years, Target 1	In fully operational programmes, achieve by 2005/06: <ul style="list-style-type: none"> <li>• an increase in the proportion of young children aged 0 to 5 with normal levels of personal, social and emotional development for their age;</li> <li>• a 6 percentage point reduction in the proportion of mothers who continue to smoke during pregnancy;</li> <li>• an increase in the proportion of children having normal levels of communication, language and literacy at the end of the Foundation Stage, and an increase in the proportion of young children with satisfactory speech and language development at age 2 years; and</li> <li>• a 12% reduction in the proportion of young children living in households where no one is working.</li> </ul>

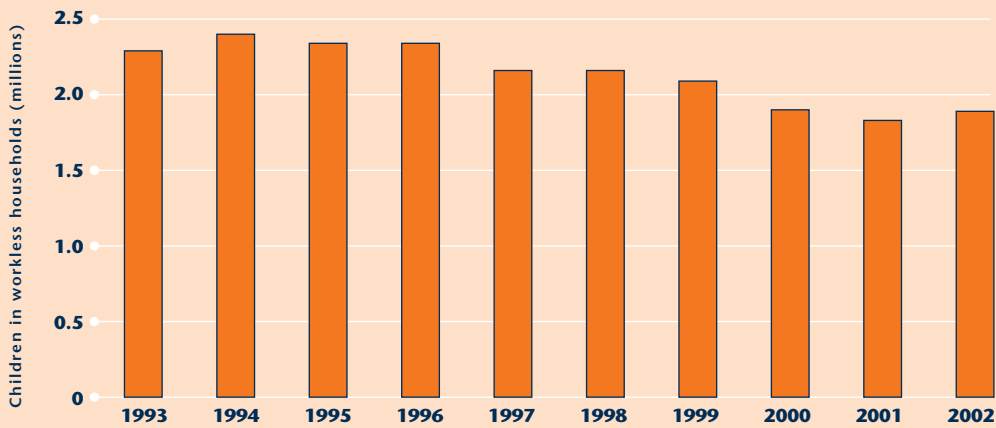
<b>Selected major initiatives under way</b>				
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>	<i>Budget/target/comments</i>
Sure Start for children aged 0 to 4 and their families in selected areas	June 1999: introduced	DH, DFES, Treasury, DTLR	Local authorities, voluntary sector, NHS, government and regional offices	Over 250 Sure Start schemes are in action – the target by 2004 is 500, by which time Sure Start aims to be reaching one-third of under fours living in poverty. £450m for 1999/2000 to 2001/02, and a further £580m for the period to 2004.
Sure Start Maternity Grant	March 2000 : introduced (replacing maternity payment scheme) Autumn 2000: uprated April 2002: uprated	DWP	Jobcentre Plus	Grants for parents who provide evidence that health advice has been received from a professional and who are in receipt of qualifying benefits. Initial rate was £200, increased to £300 in Autumn 2000, and to £500 in April 2002. The 2002 increase is expected to benefit an additional 215,000 low income families.
Measures to tackle teenage pregnancy	1999	DH	Schools, clinics, social services, etc	Budget of £4m in 1999/00, £8m in 2000/01 and £16m for 2001/02 and 2002/03 combined.
<b>Indicator 12: Low attainment at school</b>				
<b>Relevant Public Service Agreement targets</b>				
Public Service Agreement 2002, DFES, Target 1	<p>Raise standards in English and maths so that:</p> <ul style="list-style-type: none"> <li>• by 2004, 85% of 11-year-olds achieve level 4 or above and 35% achieve level 5 or above, with this level of performance sustained to 2006; and</li> <li>• by 2006, the number of schools in which fewer than 65% of pupils achieve level 4 or above is significantly reduced.</li> </ul>			
Public Service Agreement 2002, DFES, Target 2	<p>Raise standards in English, maths, ICT and science in secondary education so that:</p> <ul style="list-style-type: none"> <li>• by 2004, 75% of 14-year-olds achieve level 5 or above in English, maths and ICT (70% in science) nationally, and by 2007, 85% (80% in science);</li> <li>• by 2007, the number of schools where fewer than 60% of 14-year-olds achieve level 5 or above is significantly reduced; and</li> <li>• by 2007, 90% of pupils reach level 4 in English and maths by age 12.</li> </ul>			
Public Service Agreement 2002, DFES, Target 5	<p>Raise standards in schools and colleges so that:</p> <ul style="list-style-type: none"> <li>• between 2002 and 2006 the proportion of those aged 16 who get qualifications equivalent to 5 GCSEs at grades A* to C rises by 2 percentage points each year on average and in all schools at least 20% of pupils achieve this standard by 2004, rising to 25% by 2006; and</li> <li>• the proportion of 19-year-olds who achieve this standard rises by 3 percentage points between 2002 and 2004, with a further increase of 3 percentage points by 2006.</li> </ul>			

<b>Selected major initiatives under way</b>				
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>	<i>Budget/target/comments</i>
Education Action Zones	Successive rounds from 1998 January 1999: the first 25 zones Early 2000: a further 48 zones	DFES	School-led local partnerships	Zones initially run for 3 years with a possibility of being extended for a further two. Budget of around £1m per zone per year.
National Literacy and Numeracy Strategies including Summer Schools	September 1998: literacy hour and numeracy period introduced	DFES	Schools	2,300 summer schools operative in 2000, of which 1,800 were devoted to literacy and numeracy. By 2002: 80% of 11-year-olds to be at Level 4 at Key Stage 2 in English, and 75% per cent in maths. £240m over 3 years (+ £16m for summer schools).
<b>Indicator 13: Permanently excluded from school</b>				
<b>Selected major initiatives under way</b>				
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>	<i>Budget/target/comments</i>
Tackling truancy and exclusion in schools	April 1998: new powers to police September 1999: LEAs set new targets for schools	DFES and Home Office	Schools, LEAs and police.	Targets: 1. By 2002, to reduce the number of exclusions by a third from their 1997/98 level. 2. By 2002, to reduce time lost through truancy by a third. By September 2002, schools most affected by unaccounted absenteeism must produce a strategy with the LEA to reduce absence levels. £500m over 1999/02. £66m announced for 2002/03.
<b>Indicator 16: In young offender institutions</b>				
<b>Relevant Public Service Agreement targets</b>				
Public Service Agreement 2002, Department of Health, Target 9 (part)				
Improve life-chances for children, including by: <ul style="list-style-type: none"> <li>• narrowing the gap between the proportions of children in care and their peers who are cautioned or convicted.</li> </ul>				

# Living in workless households

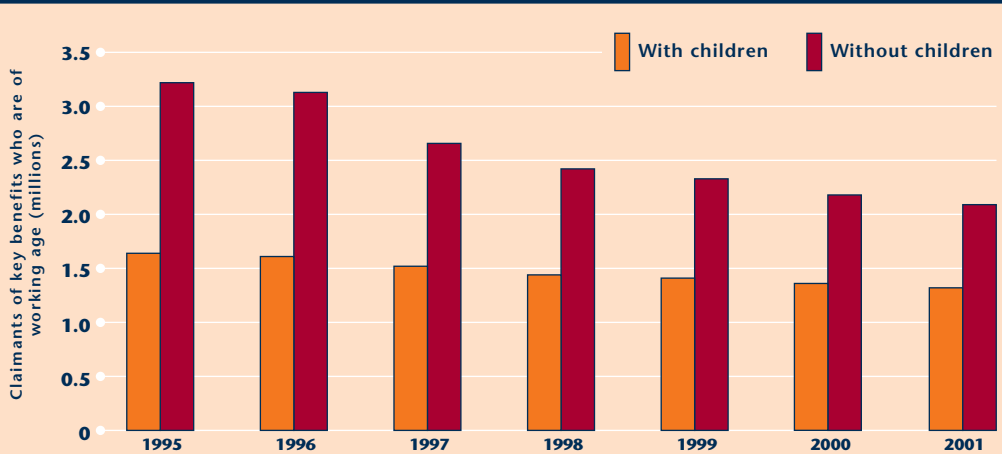
Indicator  
8

**Around 2 million children still live in workless households. Although this number fell somewhat in the late 1990s, there has been no change over the last three years.**



Source: Labour Force Survey, Spring Quarters, ONS 2002

**The number of benefit claimants of working age with children has been falling, but much less rapidly than for claimants without children.**



Source: Client Group Analyses, Quarterly Bulletin on Population of Working Age, DWP, August 2001

The first graph shows the number of dependent children living in households in which none of the working age adults have paid employment. Dependent children are those aged less than 16 years. Working age households are those with at least one person of working age. Households made up of students and those in which the head of household is retired are excluded. The graph is based on the Labour Force Survey Households Datasets. The data covers the United Kingdom.

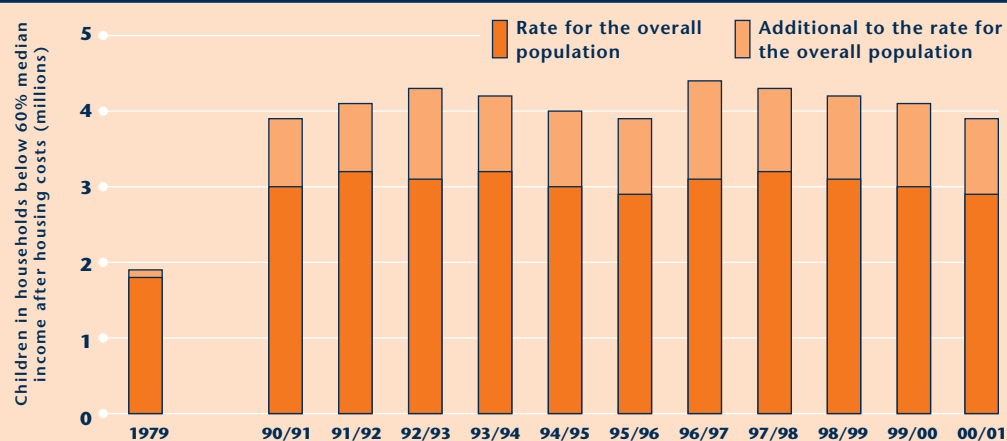
The second graph shows those in receipt of a key benefit (Income Support, Jobseeker's Allowance, Incapacity Benefit or Severe Disablement Allowance) in August of each year, split by those with and those without dependent children. Note that the graph omits people in receipt of Family Credit and Disability Working Allowance, both of which were replaced by tax credits from October 1999.

Overall adequacy of the indicator: **high**. The LFS is a well-established, quarterly government survey, designed to be representative of the population as a whole. Data for the second graph is considered to provide a reliable and accurate count of those claiming the relevant benefits.

# Living in low income households

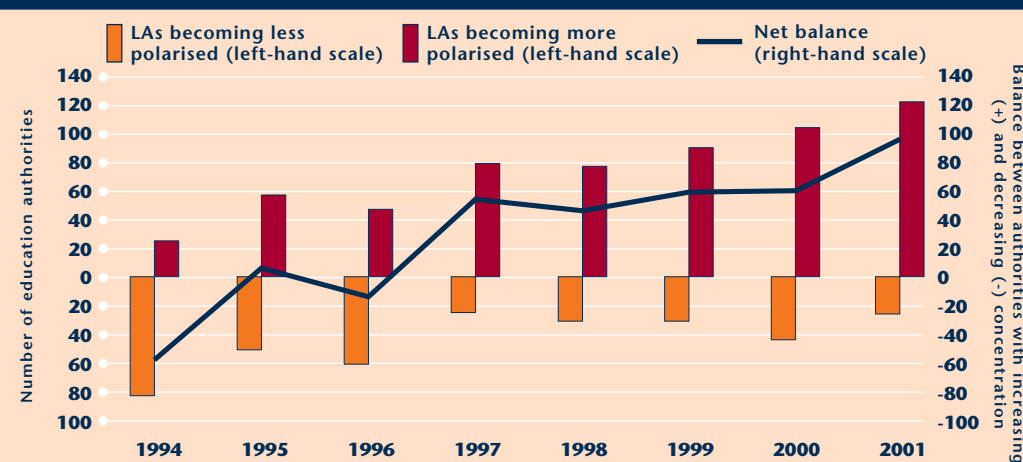
Indicator  
9

**The number of children in low income households has fallen by half a million since 1996/97 and currently stands at 4 million. Children are more likely than adults to live in low income households.**



Source: Households Below Average Income Series, DWP 2002 (1979–1993/94 using FES data; 1994/95–2000/01 using FRS)

**The concentration of poor children within particular primary schools is now rising in four-fifths of local authorities.**



Source: DFES Statistics and New Policy Institute calculations

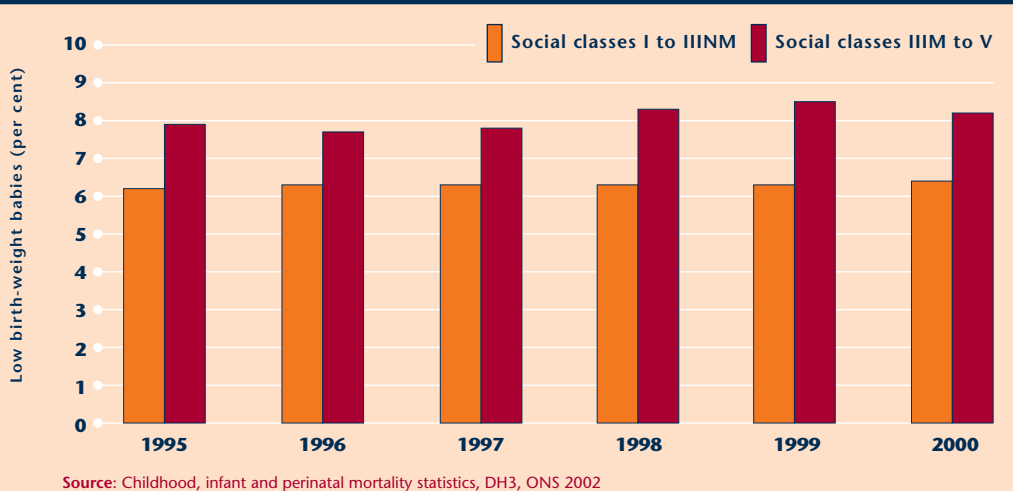
The first graph shows the number of children living in households below 60 per cent of median income. The bar is split to show the extent to which children are at a higher risk than adults of being in households below that threshold. Income is weekly disposable household income equalised for household membership, after housing costs. The data source is Households Below Average Income, based on the Family Expenditure Survey to 1993/94 and the Family Resources Survey thereafter. Data is equalised (adjusted) to account for variation in household size and composition (see Indicator 2).

The second graph is a proxy for the extent to which poorer children are becoming more or less concentrated in particular areas. Using data from English local education authorities on the number of children in each school who are eligible for free school meals, the graph tracks the extent to which children are becoming more or less concentrated in, or polarised between, particular schools. The measure of concentration that the graphs use is just the ratio of (1) the average poor child's perception of how many poor children there are in their school, and (2) the average child's perception of how many poor children there are. If every school had the same proportion of poor children in it as every other, this ratio would be 1.0. As poor children become concentrated in particular schools, so the ratio rises.

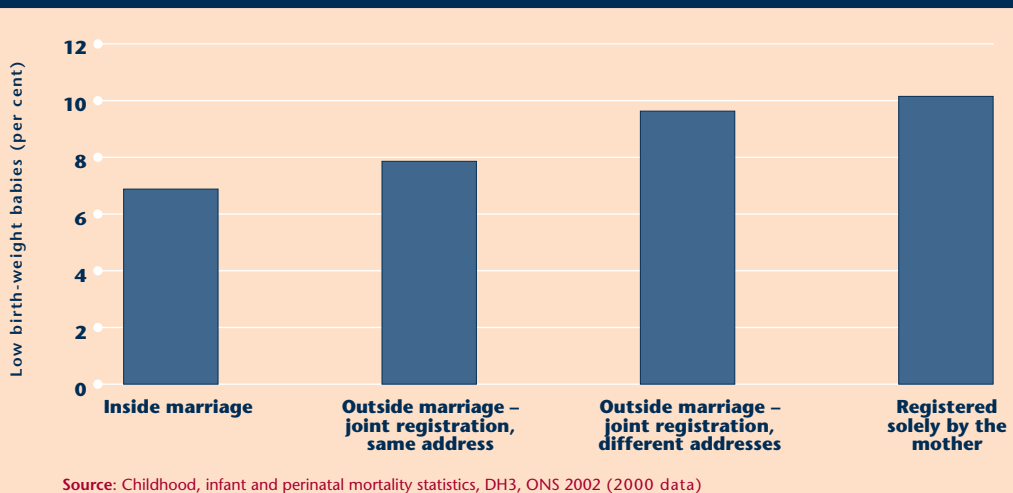
Overall adequacy of the indicator: **high**. The FES and FRS are well-established government surveys, designed to be representative of the population as a whole. The second graph, based on own calculations, can be regarded as medium.

# Low birth-weight babies

**Babies born to parents from manual backgrounds are more likely to have a low birth weight than those born to parents from non-manual backgrounds.**



**Babies born to lone parents are more likely to have a low birth weight than babies born to couples.**



The first graph shows the percentage of babies born each year who are defined as having a low birth weight, i.e. less than 2<sup>1</sup>/<sub>2</sub> kilograms (5<sup>1</sup>/<sub>2</sub>lbs). The percentages are shown separately for babies whose fathers are in social classes I to IIINM and IIIM to V. The data for live births is a 10 per cent sample coded to father's occupation, and therefore excludes sole registration by mothers.

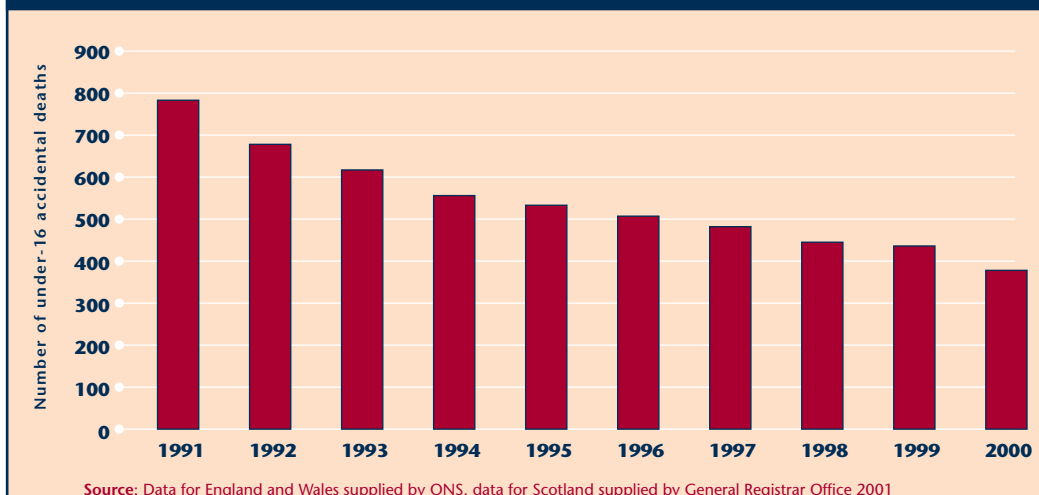
The second graph shows these percentages for 2000 according to the parents' marital status at the time of the registration of birth. The data is a 100 per cent count of live births. The data relates to England and Wales.

Overall adequacy of the indicator: **limited**. The data itself is large and reputable, but classification by the social class of the father may be problematic since those where no details are known about the father are not included at all. There are also problems relating to the reliability of the time series.

# Accidental deaths

Indicator  
11

## Accidental deaths amongst the under-16s halved during the 1990s.



## Children from manual backgrounds are now only slightly more likely to die in accidents than other children.



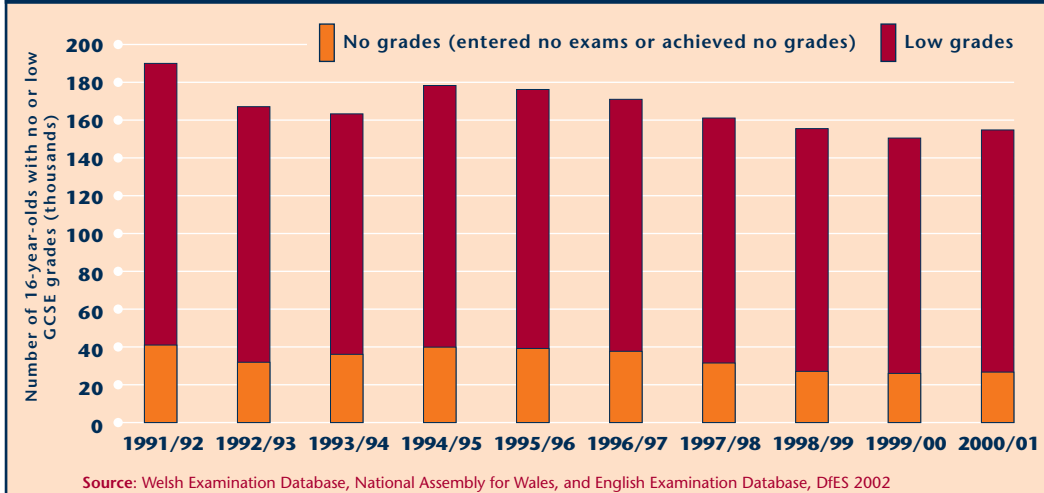
The first graph shows the annual number of deaths due to external causes among those under 16. The second graph shows the relative likelihood of such deaths split by social classes I to IIINM and IIIIM to V in 1996 and 2000.

'Accidental deaths' encompasses all forms of accidental death, including traffic accidents, poisoning, falls and drowning, as well as suicides and homicides. Note that data for England and Wales published in previous years included categories of deaths not strictly classified as accidental. Data published now is restricted to accidents only (as defined above). Also, data is based on year of occurrence. In previous years' publications, data for England was based on year of registration. The former is regarded as a more reliable recording. Data published this year is therefore not comparable with data published in previous years. The method used to record mortality in Scotland was revised in 2000 (to ICD10) and this may slightly affect data continuity. Updates of mortality data were not available from the ONS and the Scottish General Register Office at the time of publication. The data relates to Great Britain.

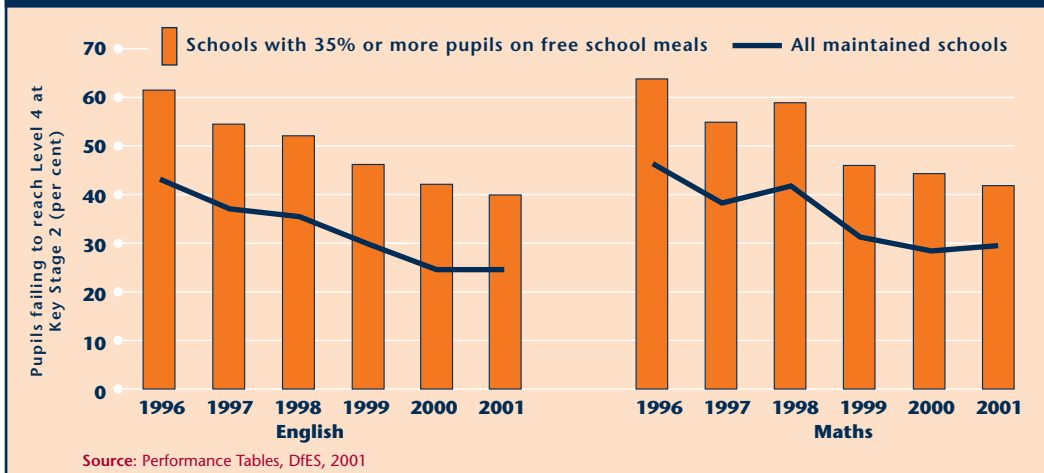
Overall adequacy of the indicator: **medium**. An important qualification to the split by social class is that over a third of such deaths in England and Wales are unclassified by social class, due either to a lack of information or because no socio-economic class can be attributed.

# Low attainment at school

**150,000 (25 per cent) 16-year-olds obtain no GCSEs above a D; 25,000 (4 per cent) get no grades at all.**



**Although 11-year-olds in schools with high numbers on free schools meals still do worse in English and maths than pupils in other schools, their results are now better than the all-schools average in 1996.**



The first graph shows the number of 15-year-old school students (defined as pupils aged 15 at 31 August in the calendar year prior to sitting the exams) failing to obtain at least one GCSE at grade C or above in England and Wales. The numbers are split between those who obtain no GCSE grade at all, either because they don't enter for exams or achieve no passes, and those who do obtain grades but none higher than D.

The second graph compares the percentage of children failing to reach Level 4 at Key Stage 2 (11 years old) in schools which have at least 35 per cent of pupils on free school meals, with all maintained mainstream schools. The graph shows maths and English separately and shows changes over time. The data is for English schools only.

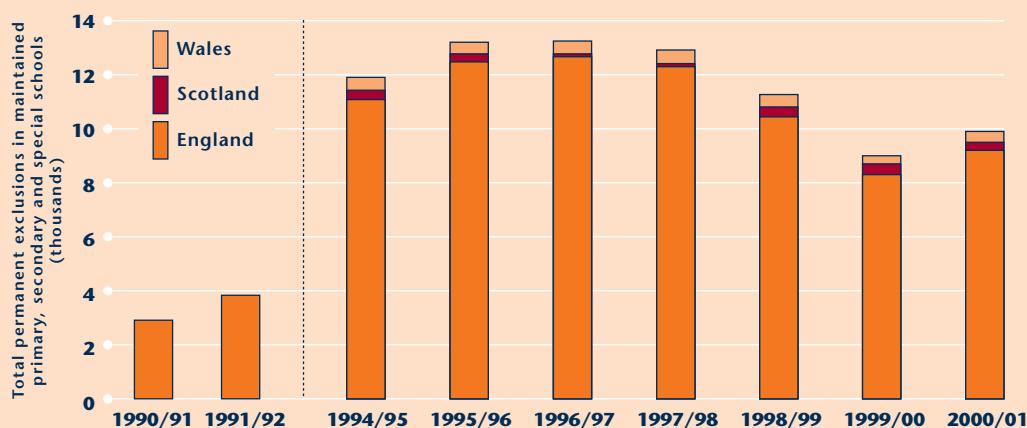
The data source for the first graph is DfES and the Welsh Assembly. The data source for the second graph is DfES only.

Overall adequacy of the indicator: **medium**. While the data itself is sound enough, the choice of the particular level of exam success is a matter of judgement.

# Permanently excluded from school

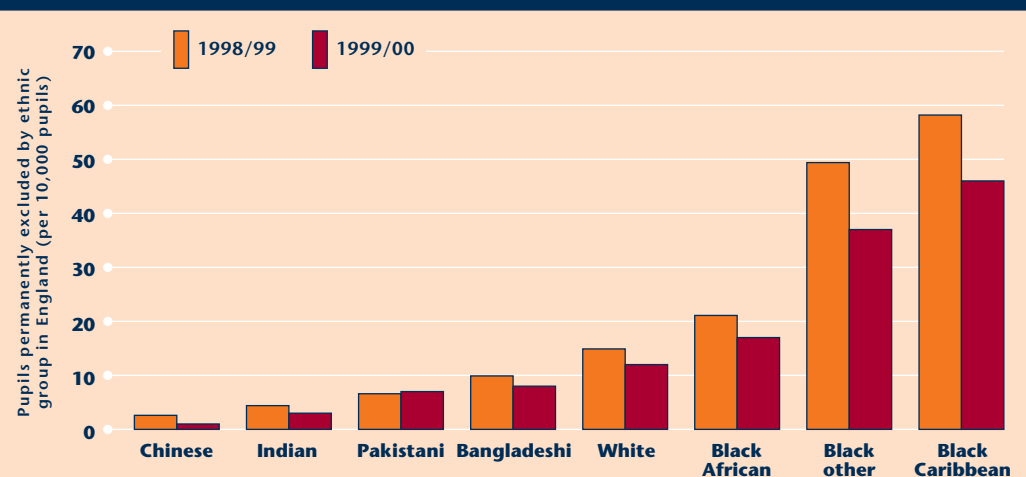
Indicator  
13

**In 2000/01, the number of permanent exclusions rose for the first time since 1996/97.**



Source: Statistical First Release, DfES July 2002; National Assembly for Wales, March 2002; Scottish Executive, 2002  
Note: Data for England for 2000/01 is provisional

**Although the rate of permanent exclusions of black pupils has dropped substantially over the last two years, they are still much more likely to be excluded than white pupils.**



Source: Permanent exclusions from schools, England 1999/2000, DfES 2001

The first graph shows the number of pupils permanently excluded from maintained primary, secondary and special schools. Data is available from 1990/91 (England) and 1994/95 (Scotland and Wales). Note that data for England for the latest year is provisional.

In Scotland, the data (referred to as 'removals from register') was collected from local authorities via a new survey from 1998/99. Data from 1994/95 to 1997/98 is therefore not strictly comparable with the new figures.

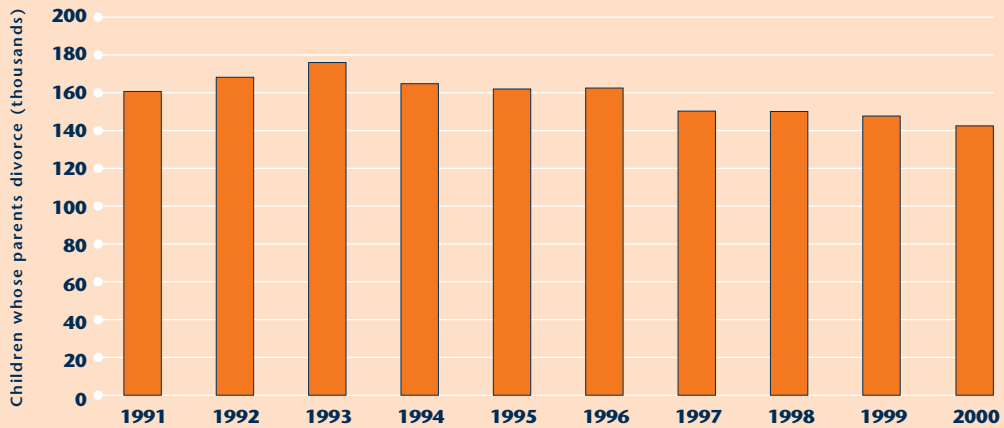
The second graph shows the rate of exclusion for children from different ethnic backgrounds in 1998/99 and 1999/2000. The update for this graph was not available at the time of publication due to a delay in the publication of this data by DfES in 2002. The data relates to England only.

Overall adequacy of the indicator: **medium**. Data prior to 1994/95 was collected on a voluntary basis and the rise in the early 1990s may in part be due to this change in the method of collection. For Scotland, data was collected on the basis of a consistent definition only from 1998/99 onwards. Exclusions are also susceptible to administrative procedures; for example, these officially recorded numbers may well under-represent the true number of exclusions if parents are persuaded to withdraw their child rather than leave the school to exclude them.

# Children whose parents divorce

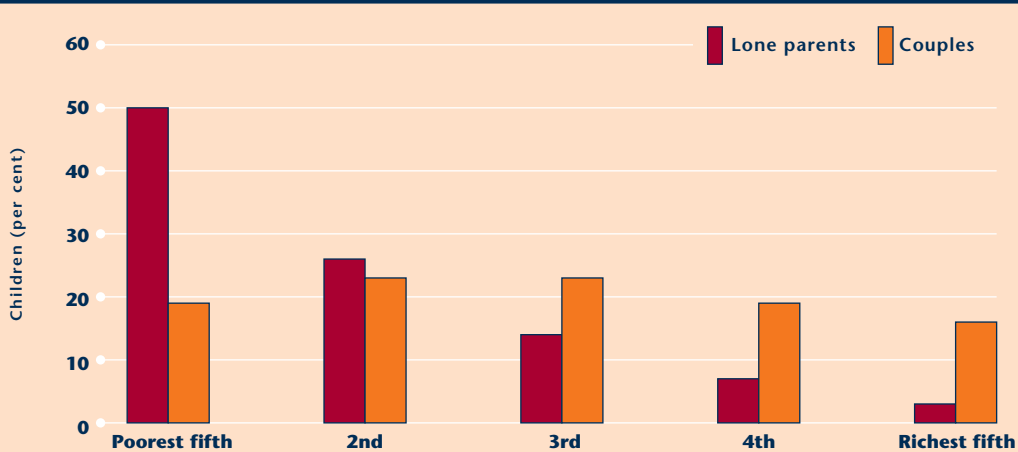
Indicator  
14

**There has been something of a reduction in the number of children whose parents divorce since 1993.**



Source: ONS 2001

**Half of all children from lone-parent families are in the poorest fifth of the population.**



Source: Households Below Average Income Series, 1994/95–2000/01, DWP 2002

The first graph shows the number of children under age 16 in all households whose parents divorce in the year in question. The data is for England and Wales only. Data refers to children of the family. This includes children born to the couple divorcing, those born outside marriage, children of previous marriages and adopted children – provided that they were treated by both parents as children of the family. An update of this graph was not possible at the time of publication due to a postponement by ONS in the publication of this data in 2002 because of the census.

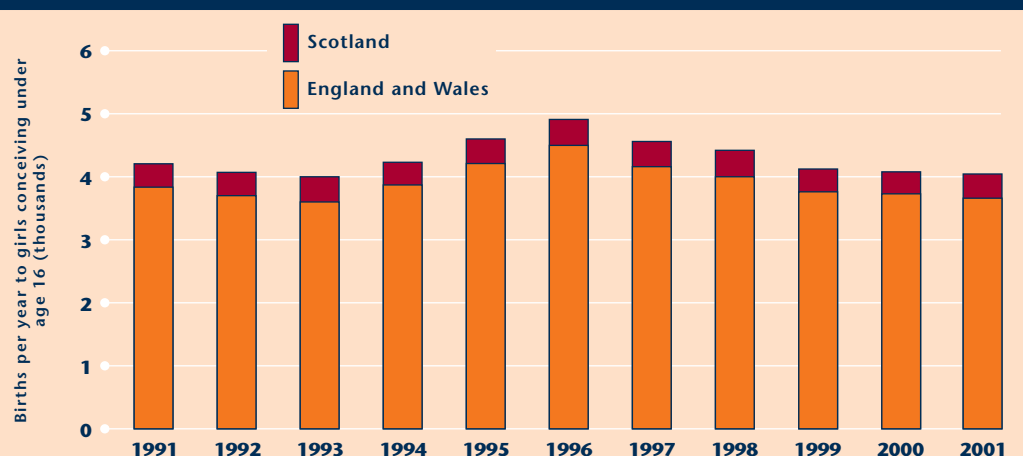
The second graph shows the distribution of children across the income quintiles in 2000/01, split by whether they are living in couple or lone-parent households. The data comes from Households Below Average Income based on the Family Resources Survey (FRS) and relates to Great Britain. Divorce is only one reason for lone parenthood and only 30 per cent of single mothers are divorced.

Overall adequacy of the indicator: **limited**. While there are few problems with the data itself (although the lack of any recent information on divorce rates by socio-economic status is clearly limiting), interpretation of movements in the indicator could be complicated by any legislative changes which make divorce either much easier or much harder. Furthermore, many children whose parents split up are not captured by this indicator.

# Births to girls conceiving under age 16

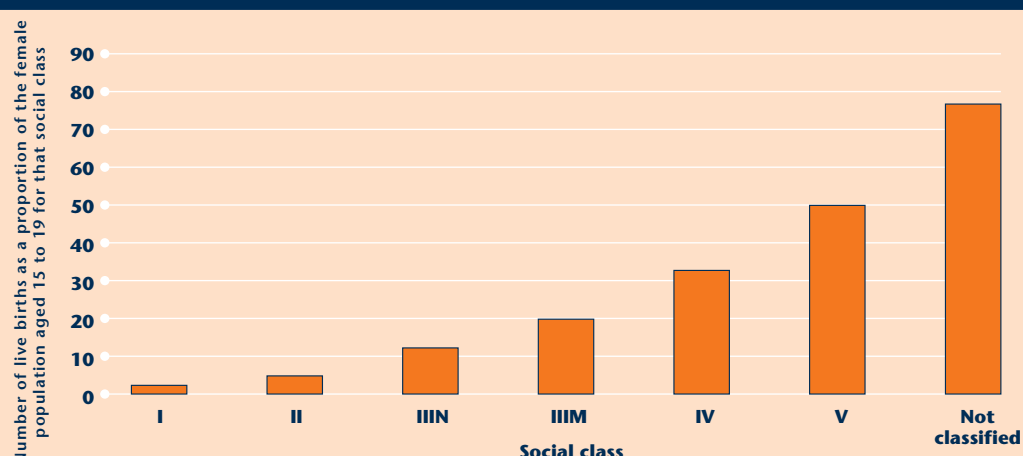
Indicator  
15

The number of births to girls conceiving under age 16 is falling but only slowly.



Source: ONS and ISD Scotland 2002

Girls whose partners are from manual backgrounds are much more likely to become mothers under the age of 20 than girls whose partners are from non-manual backgrounds.



Source: ONS Series DH3 Mortality Statistics – childhood, infant and prenatal (data for 1996–2000 combined)

The first graph shows the number of births per year to girls under the age of 16. English and Welsh conceptions leading to births are counted during the actual year of conception, whilst Scottish conceptions are counted after the birth of the child, which is commonly in the calendar year following conception. The data source is ONS and ISD Scotland.

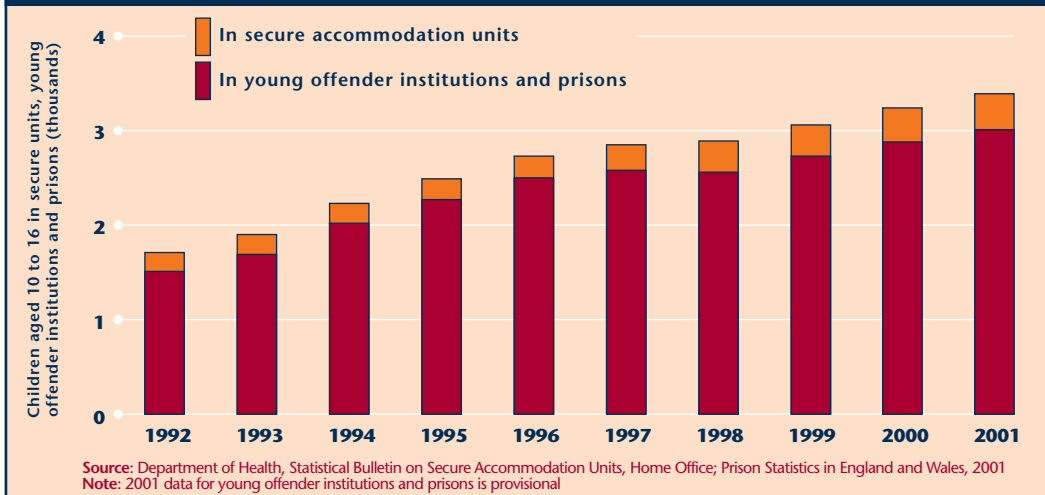
The second graph shows the distribution of live births as a proportion of the female population across the social classes, combining five years' data from 1996 to 2000. It is based on births to girls under the age of 20 by the social class of the father of the baby. The female population by social class has been estimated by allocating girls aged 14 to 19 into social classes of persons aged 0 to 15, according to 1991 census figures. The data source is the ONS.

Overall adequacy of the indicator: *medium*. The collection of these conception and births statistics is an established process. Note that the second graph leaves out around 40 per cent of live births either because social class data is not available or because they were sole registrations and therefore details of the father's social class could not be recorded.

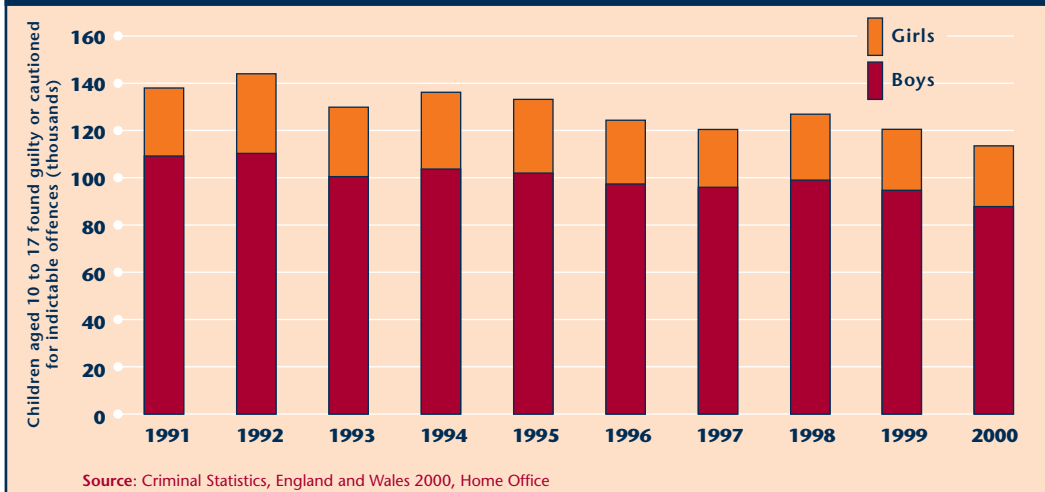
# In young offender institutions

Indicator  
16

**The number of children aged 10 to 16 who are in custody has doubled in the last decade.**



**The number of children aged 10 to 17 in England and Wales found guilty of or cautioned for indictable offences has fallen by a fifth over the last decade.**



The first graph shows the number of children aged 10 to 16 held in young offender institutions, prison or local authority secure accommodation units. The data relates to England and Wales (note that data for Wales is from 1997 onwards only). Also, since 1993, 14-year-olds have not been held in young offender institutions.

The data for secure accommodation units measures all held on 31st March of each year.

The second graph shows the number of children between the ages of 10 and 17 who were either cautioned for or convicted of an indictable offence. Figures for 2000 are provisional at the time of publication. The update for this graph was not available at the time of publication due to a change in the publication cycle of this data by the Home Office. The data relates to England and Wales.

The figures in the two graphs reflect police-identified crime and police practice, and should not be taken as estimates of the extent of crime carried out by children.

Overall adequacy of the indicator: **medium**. The cautions are formal cautions only, including reprimands and final warnings introduced under the Crime and Disorder Act 1998 (from September 1998) in seven pilot areas. Informal cautions are not recorded in the statistics but, according to 1995 Home Office Criminal Statistics, rates of informal cautioning have increased in recent years.

# 3 Young adults

## Why the indicators were chosen

This chapter concerns young adults aged 16 to 24. This age group has often been ignored, with much of the literature focusing on either children or adults. In part, this is because it is widely believed that young adults are healthy and resilient. But the transition from childhood to adulthood is a critical life stage and, as with children, the well-being of this age group is an important determinant of health and well-being later in life.

### *Economic circumstances*

There is a great diversity of economic circumstances among young adults. Some remain dependent on their parents well into their early 20s, while others become parents themselves in their late teens. Whereas the well-paid young man or woman with few commitments can have a large part of their income available for discretionary expenditure, many of those who are not in education, training or work can not.

The unemployment rate among young adults is significantly higher than for adults over 25. As with other age groups, unemployment for young people is a major cause of low income and deprivation. The first indicator is the **'number of people aged under 25 who are unemployed'**.

Low wages disproportionately affect young adults and the second indicator is the **'number of 16- to 24-year-olds on low rates of pay'**.

A particularly vulnerable group are those young adults who have fallen through all the nets and are neither employed, in training or education. The third economic indicator is the **'number of 16- to 18-year-olds not in education, training or employment'**.

### *Health and well-being*

The indicators selected in this section reflect two areas – misuse of drugs and suicide rates – where recent trends have caused considerable concern, and where reported rates stand out when compared internationally.<sup>1</sup>

The first indicator is the **'number of young adults aged 15 to 24 starting drug treatment episodes'**. Apart from the serious health consequences that can arise from drug addiction, drug addicts are at increased risk of suicide and of developing mental health difficulties.<sup>2</sup> Whilst there are problems with this indicator, especially the fact that it will in part reflect the availability of agencies to help with the problem, it is the best statistic available for tracking what appear to have been sharply growing numbers of one very vulnerable group.

The second indicator is the **'suicide rate amongst 15- to 24-year-olds'**. Suicide is the second most common cause of death of young men after accidents. What makes suicide an important issue for this report is the connection between suicide and socio-economic conditions.

### *Barriers to work*

The first barrier to work concerns lack of educational qualifications and the indicator adopted is the **'number of 19-year-olds who do not have at least an NVQ Level 2 (NVQ2) or equivalent'**.

The second barrier to work concerns criminality amongst young adults, with the indicator being the **'number of 18- to 20-year-olds convicted of an indictable offence'**. As well as employer discrimination, the barriers that face ex-offenders include the low levels of skills and qualifications amongst offenders, their poor self-esteem, and behavioural and health problems, which can reduce their chances of securing a job.<sup>3</sup>

## What the indicators show

### *Despite some progress, lack of well-paid work remains prevalent*

There were 500,000 young adults ILO-defined unemployed in Spring 2002, compared with almost a million a decade ago. The numbers fell sharply between 1993 and 1998, when they reached 550,000. Since then, the rate of progress has slowed and, indeed, there was a small rise in the numbers in 2002.

The unemployment rate amongst 18- to 24-year-olds is still more than twice that of older workers, and this gap has widened somewhat since 1996.<sup>4</sup> Rates vary by a factor of two between the worst region (Wales) and the best (East Midlands).<sup>5</sup> Government analysis suggests that much of young adult unemployment is now short term only, perhaps indicating that young adults find it relatively easy to obtain work (or training) but not to keep it on a long-term basis.<sup>6</sup>

Interestingly, the proportion of 19-year-olds **without a basic qualification** (at least NVQ2 or equivalent) shows a similar pattern of change over time: sharp falls over much of the 1990s, with much more limited progress in recent years, and a small rise in 2002. More specifically, 38 per cent of 19-year-olds lacked such a qualification in 1993, 26 per cent in 1999 and 26 per cent in 2002, this latter figure representing 190,000 19-year-olds. There is also a similar pattern for 19-year-olds without any qualifications (at least GCSEs at grade G or above): 15 per cent in 1993, 8 per cent in 1999 and 8 per cent in 2002, this latter figure representing 60,000 19-year-olds.

Whereas there are no specific government Public Service Agreement targets for either unemployment or low pay amongst young adults, there are two targets that directly relate to educational achievement, namely to increase the proportion of 19-year-olds who obtain at least five GCSEs at grades A\* to C by three percentage points between 2002 and 2004, with a further increase of three percentage points by 2006, and to reduce by at least 40 per cent the number of adults in the UK workforce who lack NVQ2 or equivalent qualifications by 2010.

Since the introduction of the national minimum wage in 1998, the number of young adults paid below this **hourly rate of pay** has dropped substantially from 120,000 in 1998 to 50,000 in 2001. In contrast, the trend is much less favourable when considering the numbers below a somewhat higher rate of hourly pay: in 1998, 650,000 young adults aged 18 to 21 were paid less than £4 per hour; by 2001, an estimated 600,000 were still being paid less than this hourly rate, after up-rating for inflation. Two-thirds of these people were employed in the distribution, hotel and restaurant trades.

This apparent lack of progress reinforces our concerns about the lack of proper official data about the extent of low pay. Since 2000, such data has only been made available for the 18 to 21 age group, rather than the 18 to 24 age group. The data is somewhat out-of-date, the methods for deriving it are not available for public scrutiny, and the underlying dataset itself is not publicly available.<sup>7</sup>

The suggestion that there is a continuing and substantial minority of young adults who are poorly placed for the employment market is supported by the observation that there were around 50,000 18- to 20-year-olds with a criminal record in 2000, the same as in 1993. Men are seven times as likely to have a criminal record as women, and young black people are seven times as likely to be in prison as young white people.

Finally, there continue to be around 150,000 young adults aged 16 to 18 at any time who are not in education, training or work. This is nearly 10 per cent of the age group.

***A mixed picture for severe ill-health***

The number of suicides amongst 15- to 24-year-olds in England and Wales has been declining since 1997, and the government's target to reduce suicide rates by 20 per cent of the 1997 rate by 2010 already appears to have been achieved for young adults.

However, there have been no such decreases in Scotland, where suicide rates now appear to be around three times higher than in England and Wales. Young men are still four times as likely as young women to take their lives, and 1997 data suggests that young men from manual backgrounds are twice as likely to commit suicide as those from non-manual backgrounds.

Around 30,000 young people aged 15 to 24 start treatment for problem drug use each year, double the levels of the early 1990s. It is unclear whether these increases reflect increasing drug usage, or an increasing inclination of drug misusers to seek treatment. Some support for the former hypothesis is provided by the increased levels of declared drug misuse between 1998 and 2000.<sup>8</sup> Some support for the latter hypothesis is provided by the government's Public Service Agreement, which includes a specific target to increase the participation of problem drug users in drug treatment programmes by 55 per cent by 2004, and by 100 per cent by 2008.

<b>Indicator 17: Unemployment</b>				
<b>Selected major initiatives under way</b>				
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>	<i>Budget/target/comments</i>
New Deal for 18- to 24-year-olds	April 1998: introduced April 2001: made permanent	DFES/DWP	Jobcentre Plus	Aims to reduce the claimant count by 250,000 between 1998 and 2002. Government figures are that 310,000 young people moved into employment between April 1998 and June 2001, 75% of which were sustained jobs. Budget of £2.6bn from 1998 to 2004.
<b>Indicator 18: Low pay</b>				
<b>Selected major initiatives under way</b>				
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>	<i>Budget/target/comments</i>
National minimum wage	April 1999: introduced October 2000: uprated October 2001: uprated October 2002: to be uprated	DTI	Inland Revenue and employers	When first introduced, set at £3.60 for those over 22 years, unless in an exempt category or on a registered training scheme (in which case only £3.20). £3.00 per hour for those aged 18 to 21. Raised in October 2000 to £3.70 (£3.20 for those aged 18 to 21). Raised in October 2001 to £4.10 (£3.50 for those aged 18 to 21). To be increased to £4.20 (and £3.60) in October 2002. The Low Pay Commission estimated that the original national minimum wage affected 1.3 million jobs, potentially rising to 1.5m after the 2001 and 2002 increases.
Working Families Tax Credit (WFTC) (replaced Family Credit)	October 1999: introduced October 2000: uprated April 2001: uprated October 2001: uprated April 2002: uprated June 2002: uprated October 2002: to be uprated To be replaced by a combination of Working Tax Credit and Child Tax Credit in April 2003	Treasury and DWP	Inland Revenue and employers	For families/one parents with one child or more, who are working for a minimum of 16 hours per week. It consists of a basic element, an element for those working 30 hours plus per week, and an element for each child. Help towards childcare cost is also available. When first introduced, guaranteed a weekly gross income of £200 for a family with one full-time worker. No tax until £235 per week for families with one full-timer (55p taper, down from 70p under Family Credit). The level of the credit depends on number of children, how many hours are worked (the minimum is 16 hours), childcare costs and levels of savings. Raised in October 2000, minimum income guarantee to £208. Raised in April 2001, minimum income guarantee to £214. Also, no tax is paid until earnings of £250 are reached, for a family with one full-timer. Raised in October 2001, minimum income guarantee to £225. Raised in April 2002, minimum income guarantee to £227. Raised in June 2002, minimum income guarantee to £230. Raised in October 2002, minimum income guarantee to £231.

As of November 2001, 1.3 million families were claiming (nearly 1/2 million more than Family Credit). Provides £5bn of help each year, compared with £3 1/2 billion for Family Credit. The 2002 budget estimated that families on WFTC are on average £40 a week better off than they were under Family Credit. Those with a net weekly income below £92.90 per week receive the maximum WFTC. Above that, for every pound earned over that level, 55p is deducted from the amount payable. Savings are also taken into account: those with over £8,000 cannot claim WFTC and those with savings of under £3,000 are unaffected. For every £250 over £3,000 savings, £1 is added to the net weekly income. Income from most other benefits, including Child Benefit, Housing Benefit, Disability Living Allowance and Council Tax Benefit, is not included in the calculation for entitlement to WFTC.

**Indicator 19: Not in education, training or work**  
**Indicator 22: Without a basic qualification**

**Relevant Public Service Agreement targets**

Public Service Agreement, DfES, Target 5	Raise standards in schools and colleges so that: <ul style="list-style-type: none"> <li>• between 2002 and 2006 the proportion of those aged 16 who get qualifications equivalent to 5 GCSEs at grades A* to C rises by 2 percentage points each year on average and in all schools at least 20% of pupils achieve this standard by 2004 rising to 25% by 2006; and</li> <li>• the proportion of 19-year-olds who achieve this standard rises by 3 percentage points between 2002 and 2004, with a further increase of 3 percentage points by 2006.</li> </ul>		
Public Service Agreement, DfES, Target 9	Improve the basic skill levels of 1.5 million adults between the launch of Skills for Life in 2001 and 2007, with a milestone of 750,000 by 2004.		
Public Service Agreement, DfES, Target 10	Reduce by at least 40% the number of adults in the UK workforce who lack NVQ 2 or equivalent qualifications by 2010. Working towards this, one million adults already in the workforce to achieve level 2 between 2003 and 2006.		

**Selected major initiatives under way**

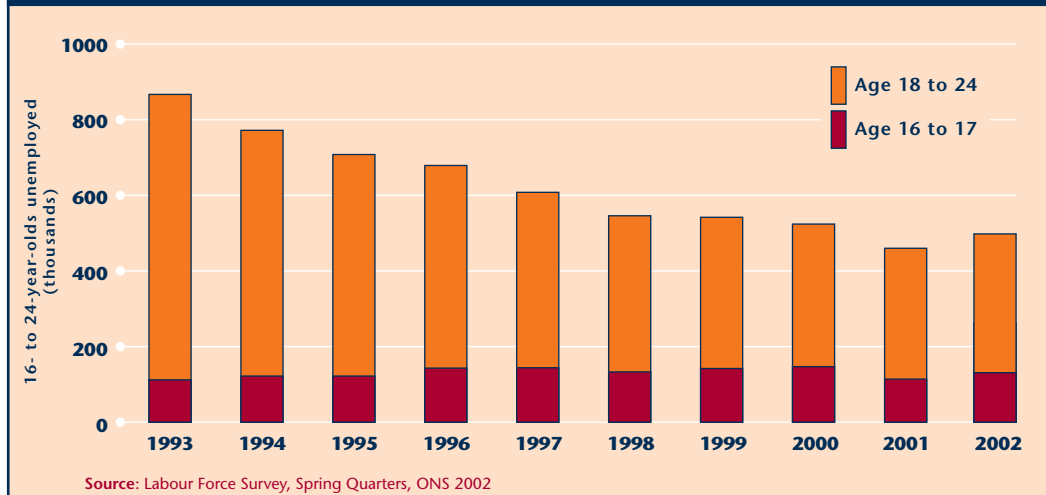
Policy	Start date	Key department	Key delivery agency	Budget/target/comments
Improving participation and attainment of 14- to 19-year-olds	December 1997: introduced September 2000: widened	DfES	Careers Service	Targets (14-year-olds): By 2007, 85% to achieve Level 5 or above in each of the Key Stage 3 tests in English, Maths and ICT, and 80% in Science. As a milestone towards this, 80% to achieve Level 5 in Maths, 75% in English and ICT and 70% in Science by 2004. Targets (16-year-olds): Increase the percentage of pupils obtaining five or more GCSEs at grade A* to C by 4 percentage points between 2002/04. With 38% of LEAs to achieve this standard by 2004.

<p>Increase the percentage of pupils obtaining five or more GCSEs at grade A* to G (including English and maths) by 2004. By 2004, 92% of 16-year-olds should reach this standard.</p> <p>Targets (19-year-olds): By 2004, increase by 3 percentage points the number of 19-year-olds achieving a qualification equivalent to NVQ Level 2 compared with 2002.</p> <p>More vocational qualifications introduced at Key Stage 4 in September 2000.</p>					
<p>Funding of up to £40 per week to those who stay in education, with additional retention and achievement bonuses.</p> <p>Total of 56 pilot areas. £160m for pilot scheme 1999/02</p> <p>An initial budget of £100m for three years, increased by £93m in 2000/01. Budget for 2001/02 around 160m, but not yet confirmed.</p>	<p>LEAs, schools, colleges, careers service</p>	<p>DfES</p>	<p>September 1999: introduced September 2000: extended</p>	<p>Education Maintenance Allowance</p>	
<p>A universal service providing advice, guidance and support for 13- to 19-year-olds, in particular to connect and reconnect with learning. Brings together new and existing services to a coherent whole.</p> <p>Various targets involving education, care, drugs, offending and teenage pregnancy.</p> <p>A budget of £320m in 2001/02, covering both Connexions (£110m) and the Careers Service (£210m). Budget of £420m for 2002/03 and £455m for 2003/04.</p>	<p>National Unit for Connexions Service</p>	<p>A range of departments: DfES, DWP, DCMS, HO, Cabinet Office, DTLR and DH</p>	<p>April 2000: pilots April 2001: phased launch March 2003: should cover all of England.</p>	<p>Connexions (replacing careers service)</p>	
<p><b>Indicator 20: Problem drug use</b></p>					
<p><i>Relevant Public Service Agreement targets</i></p>					
<p>Increase the participation of problem drug users in drug treatment programmes by 55% by 2004 and by 100% by 2008, and increase year-on-year the proportion of users successfully sustaining or completing treatment programmes.</p> <p>Reduce the harm caused by drugs by:</p> <ul style="list-style-type: none"> <li>• reducing the use of Class A drugs and the frequent use of any illicit drug among all young people under the age of 25, especially by the most vulnerable young people; and</li> <li>• reduce drug-related crime, including as measured by the proportion of offenders testing positive at arrest.</li> </ul>			<p>Public Service Agreement, Department of Health, Target 10</p> <p>Public Service Agreement, Home Office, Target 6</p>		

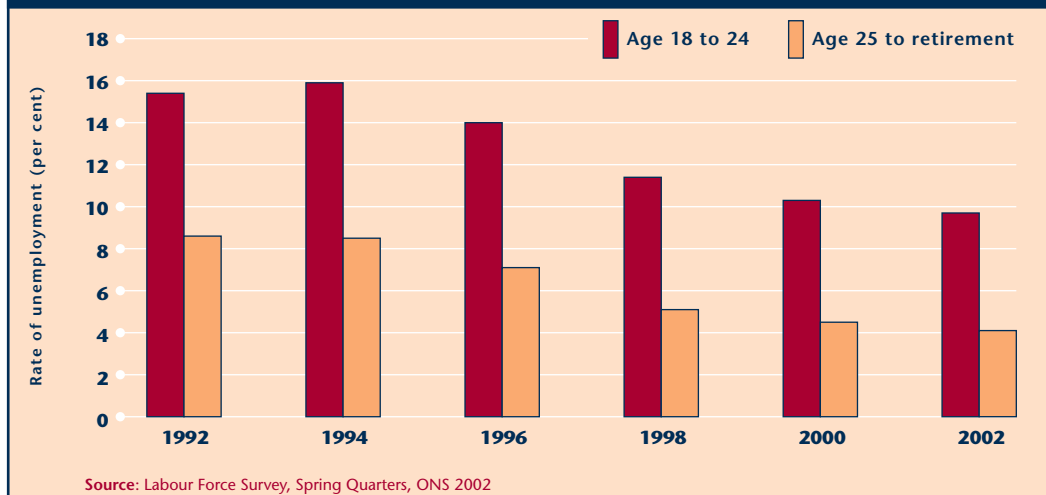
<b>Selected major initiatives under way</b>			
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>
UK Anti-Drugs Strategy	1998	Cabinet Office, Home Office, DH	Drug Action Teams
<p><i>Budget/target/comments</i></p> <p>A 10-year programme with a variety of targets:</p> <ol style="list-style-type: none"> <li>1. Amongst under-25s, to reduce heroin and crack use by 25% in five years and by 50% in ten years.</li> <li>2. To reduce repeat offending by drug mis-users by 25% by 2005, and by 50% by 2008.</li> <li>3. To increase the participation of problem drug mis-users, including prisoners, in drug treatment programmes by 66% by 2005 and by 100% by 2008.</li> <li>4. To reduce availability of class A drugs by 25% by 2005 and 50% by 2008. A budget of £3.5bn for 2000/04.</li> </ol>			
<b>Indicator 21: Suicide</b>			
<b>Relevant Public Service Agreement targets</b>			
Public Service Agreement, Department of Health, Target 7			
<p>Improve life outcomes of adults and children with mental health problems through year on year improvements in access to crisis and CAMHS services, and reduce the mortality rate from suicide and undetermined injury by at least 20% by 2010.</p>			
<b>Selected major initiatives under way</b>			
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>
Measures to tackle suicide rates	1998	DH	NHS
<p><i>Budget/target/comments</i></p> <p>Aims to reduce suicides by 20% of 1997 rate by 2010. Incorporated into both 'Saving Lives – Our Healthier Nation' (Department of Health, 1998) and 'Modernising Mental Health' (Department of Health, 1998). A budget of £700m over three years (1999/02). The National Suicide Prevention Strategy for England (which incorporates and expands existing targets) is currently under consultation and is due to be published in September 2002.</p>			

# Unemployment

**Half a million young adults are unemployed. The total dropped by a third in the five years to 1998 but has not changed substantially since.**



**The unemployment rate for 18- to 24-year-olds is more than twice that for older workers.**



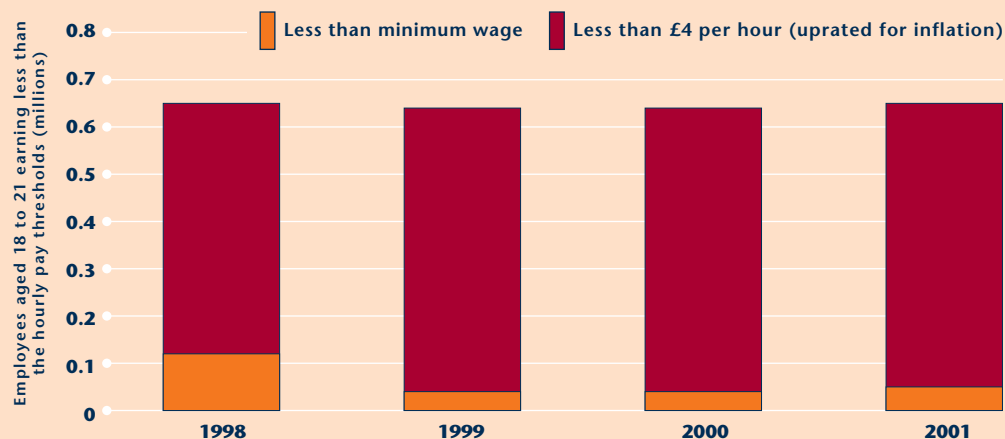
The first graph shows the number of unemployed people aged 16 to 24, as recorded each spring. The second graph shows the rate of unemployment for those aged 18 to 24, compared with those aged 25 and over (up to retirement) for the latest year. 'Unemployment' is the ILO definition, which is used for the official UK unemployment numbers and is obtained from the Labour Force Survey (LFS). It includes all those with no paid work in the survey week who were available to start work in the next fortnight and who either looked for work in the last month or were waiting to start a job already obtained. The ILO unemployment rate is the percentage of the economically active population who are unemployed on the ILO measure. The data is not seasonally adjusted and refers to the United Kingdom.

Overall adequacy of the indicator: **high**. The LFS is a well-established, three monthly government survey, designed to be representative of the population as a whole.

# On low rates of pay

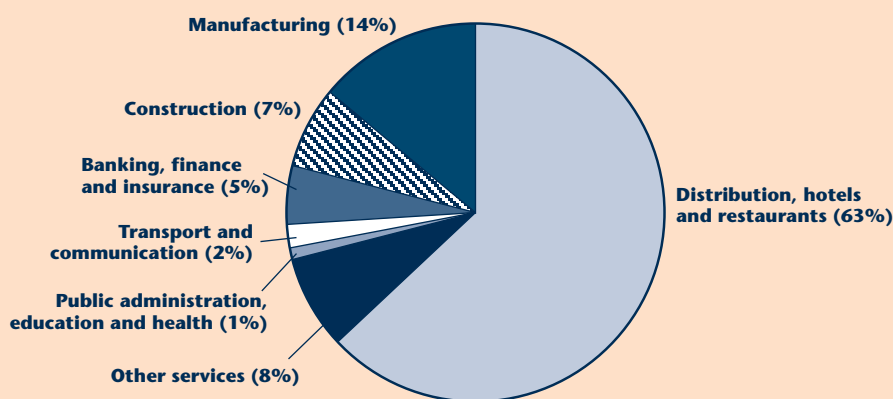
Indicator  
18

**The number of young adults aged 18 to 21 on low pay did not change between 1998 and 2001.**



Source: ONS calculations based on the Labour Force and New Earning Surveys, 2002

**More than half of the young adults on low pay work in the distribution, hotel and restaurant trades.**



Source: Labour Force Survey, Spring Quarter, ONS 2002

The first graph shows the estimated number of employees aged 18 to 21 who were paid below various hourly rates of pay in each year shown. No data is yet available for 2002 and none is available for years before 1998. The first threshold is the national minimum wage, which was £3.00 per hour in 1998 to 2000 and £3.20 in 2001. The second threshold is £4.00 per hour in 1998, rising in 10p increments in each year thereafter to reflect inflation (£4.10 in 1999, £4.20 in 2000 and £4.30 in 2001). The threshold of £4.00 per hour was chosen because it roughly corresponds with half male median hourly pay. The 10p increments were chosen for two reasons: first, the percentage rise represented by each increment is an amount which is somewhere between price inflation and earnings inflation; and, second, the data limitations are such that only increments rounded to the nearest 10p are possible. The figures are from published ONS statistics which were themselves derived from a combination of data from the Labour Force Survey and New Earnings Survey (NES), with adjustments by the ONS.

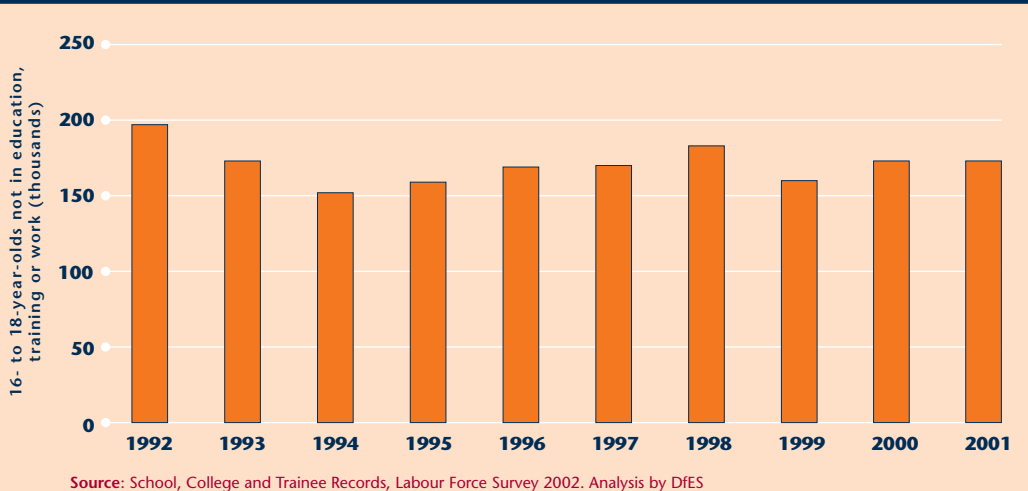
The second graph shows the distribution of employees aged 16 to 24 earning less than £4.30 per hour across different sectors of the economy. The £4.30 figure is used to provide some consistency with the first graph. The data is from a direct question in the spring quarter of LFS 2002, and only includes those people who answered this question.

*Overall adequacy of the indicator: limited.* The LFS and NES are well-established government surveys, designed to be representative of the population as a whole. However, neither survey accurately measures low pay in its own right. The ONS method for combining and adjusting the data is not available for public scrutiny and the underlying dataset itself is not publicly available. In other words, outside researchers now have to rely on whatever data the Office decides to publish.

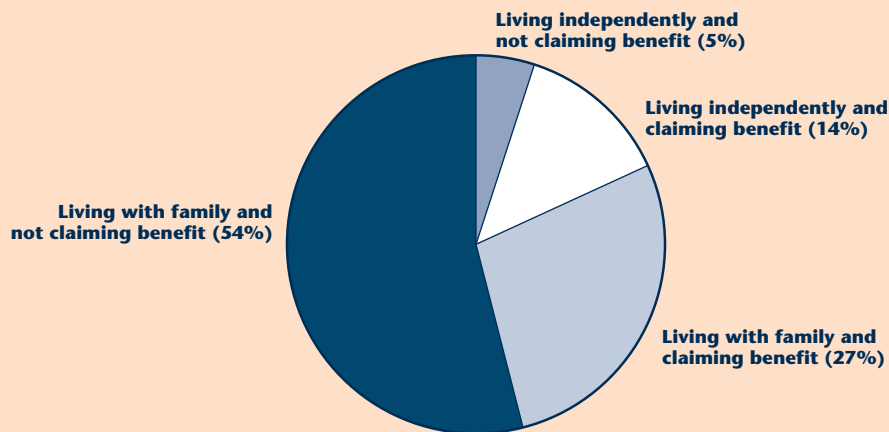
# Not in education, training or work

Indicator  
19

**At 170,000 (9 per cent of the age group), the number of 16- to 18-year-olds not in education, training or work has remained broadly unchanged since 1993.**



**A fifth of 16- to 18-year-olds not in education, training or work have left home.**



The first graph shows the number of 16- to 18-year-olds not in education, training or work. The data has been put together by DFES statisticians, combining the Labour Force Survey with school, college and trainee records.

The second graph is based on the Labour Force Survey alone (for the winter quarter 2001). It takes all those found within the survey not to be in education, training or work and shows whether they are living independently (head of household, spouse, cohabitee or with other non-relative) or living with family (child, step-child, brother, sister, grandchild or other relation). The data also shows whether the young person is dependent on any of the following benefits: Income Support, Jobseeker's Allowance, Sickness/Disability Benefit, Housing or Council Tax Benefit.

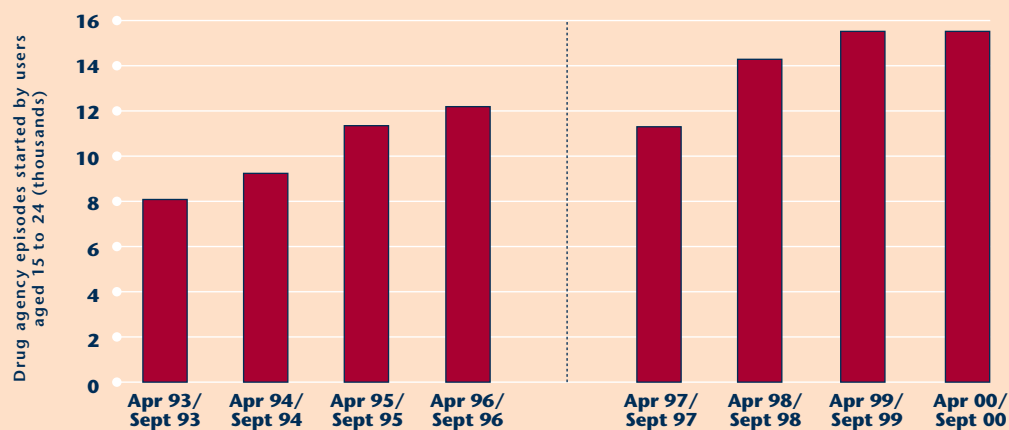
Note that comparisons cannot be made between figures for those not in education, training or work and unemployment statistics as it is possible to be both in education/training and unemployed at the same time.

Overall adequacy of the indicator: **high**. The Labour Force Survey is a well-established, three-monthly government survey, designed to be representative of the population as a whole.

# Problem drug use

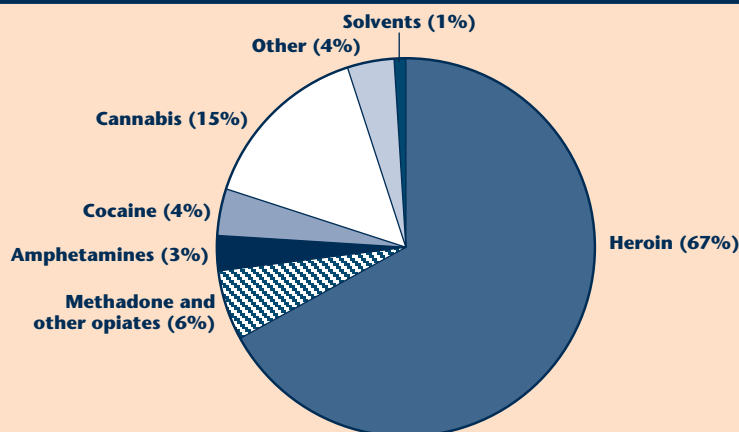
Indicator  
20

**The number of problem drug users aged 15 to 24 starting treatment has doubled since 1993.**



Source: Regional Drug Misuse Database, DH September 2000  
Note: A new way of counting treatment episodes was introduced in April 1997

**Heroin is the main drug of misuse for two-thirds of under-25s starting treatment in England.**



Source: Statistics from the Regional Drug Misuse Database for six months ending September 2000, DH 2000

The first graph shows the number of 15- to 24-year-olds in Great Britain starting an episode with any agency offering services to drug misusers. Note that a new way of counting treatment episodes was introduced in April 1997. The data for Scotland for the latest year is based partly on actual returns and partly on estimates. This is due to 'missing data' in one of the databases.

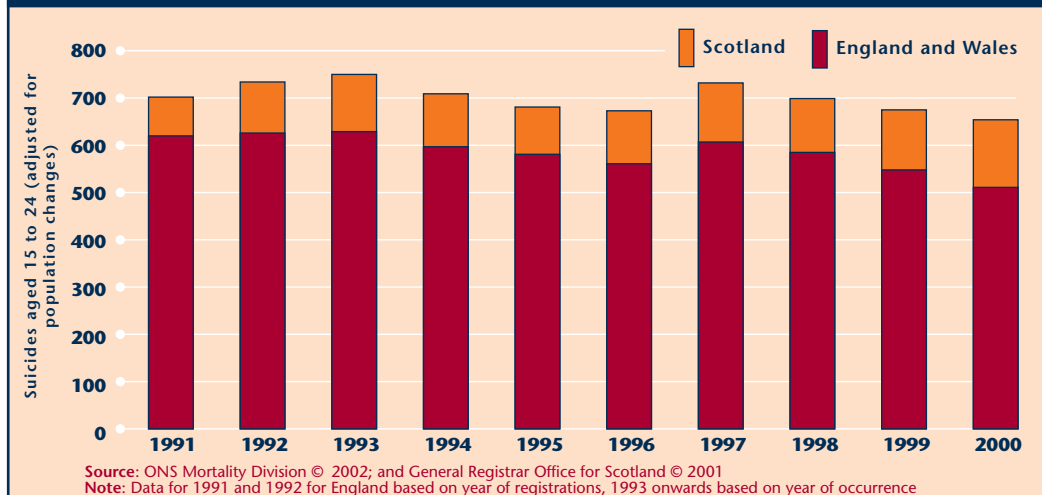
The second graph shows the breakdown by drug type among users in England starting an agency episode for April to September 2000 (the most recent six months for which data is available). An 'episode' is defined as a person presenting to a treatment agency for the first time or after a break in contact of six months or more. The update for this graph was not available at the time of publication due to a change in the publication cycle of this data by the Drugs Misuse Database.

*Overall adequacy of the indicator: limited.* The numbers count individuals presenting for treatment in each six-month period, but do not include those in treatment who presented in an earlier six-month period. Furthermore, services such as needle exchange schemes, outreach work and most services for those in prison are excluded. Finally many problem drug users do not present for treatment at all.

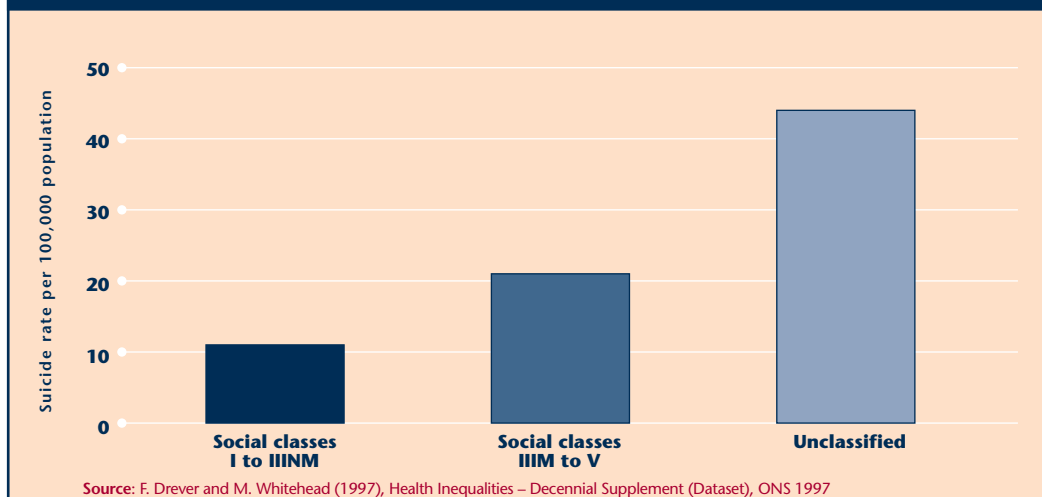
Indicator  
21

# Suicide

**The number of suicides amongst young adults aged 15 to 24 has fallen in recent years in England and Wales, but not in Scotland.**



**Young men from manual backgrounds are twice as likely to commit suicide as those from non-manual backgrounds.**



The first graph shows the number of suicides in Great Britain, showing the statistics separately for England and Wales and for Scotland. Suicide data includes deaths recorded as ‘undetermined’, where there is an open verdict, and therefore includes deaths where suicide was the probable verdict as well as those where suicide was formally given as the verdict. Note that data for England and Wales for 1993 onwards published this year is based on year of occurrence (whereas year of registration was used in previous years).

Updates of mortality data were not available at the time of going to press.

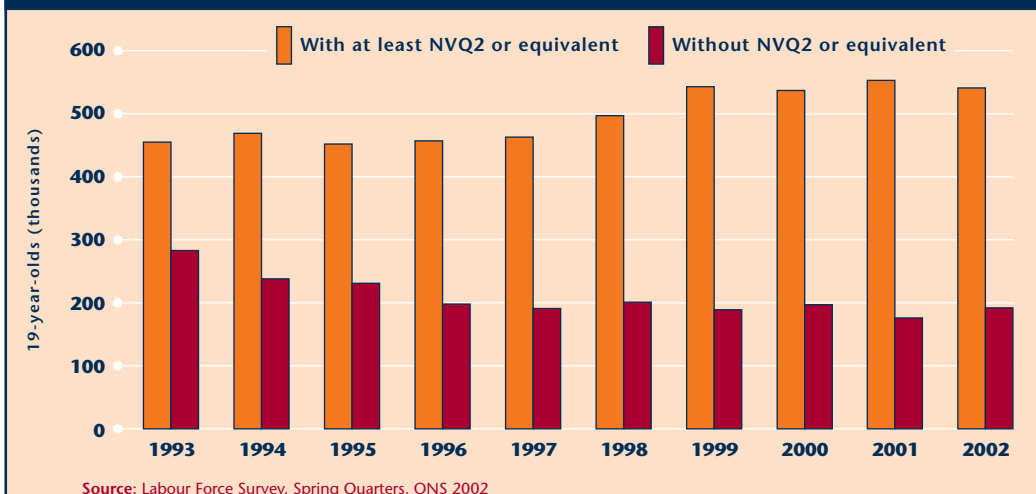
The second graph relates to England and Wales only. It shows the suicide rate per 100,000 for men aged 20 to 24 for the years 1991–93, broken down by social class. The ‘other’ group includes both those for whom insufficient information was available to determine a social class and those ‘without an occupation’, including those with no previous job, students, full-time carers and/or dependant relatives, those permanently sick and mentally or physically disabled people.

Overall adequacy of indicator: **medium**. However, classification of a death as suicide depends upon the practices of coroners’ courts and is therefore potentially affected by administrative or procedural changes.

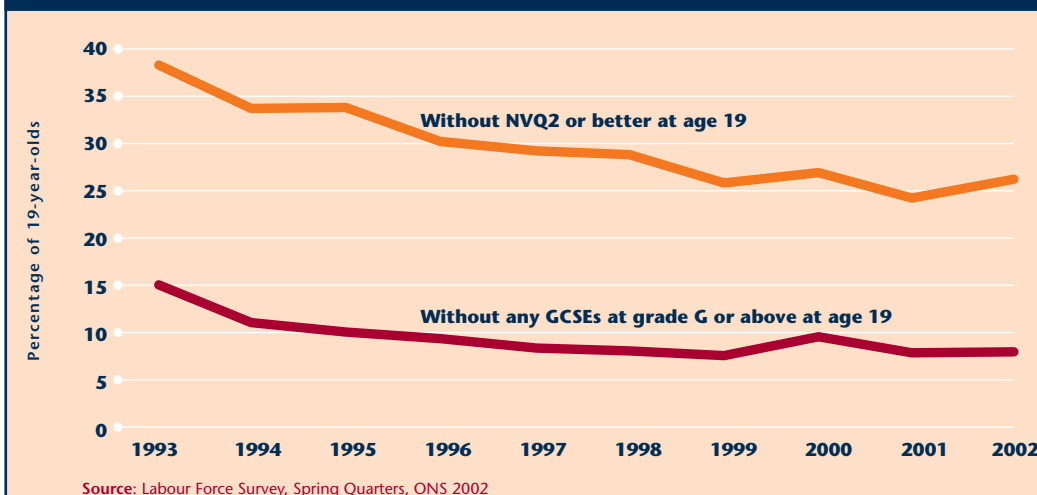
# Without a basic qualification

Indicator  
22

**The number of 19-year-olds without a basic qualification has remained unchanged since 1996.**



**One in four 19-year-olds still fails to achieve a basic level of qualification. One in twelve has no qualifications at all.**



The first graph shows the number of 19-year-olds without a basic qualification.

The second graph expresses this as a percentage of all 19-year-olds. It also shows the percentage of 19-year-olds with no qualification at all.

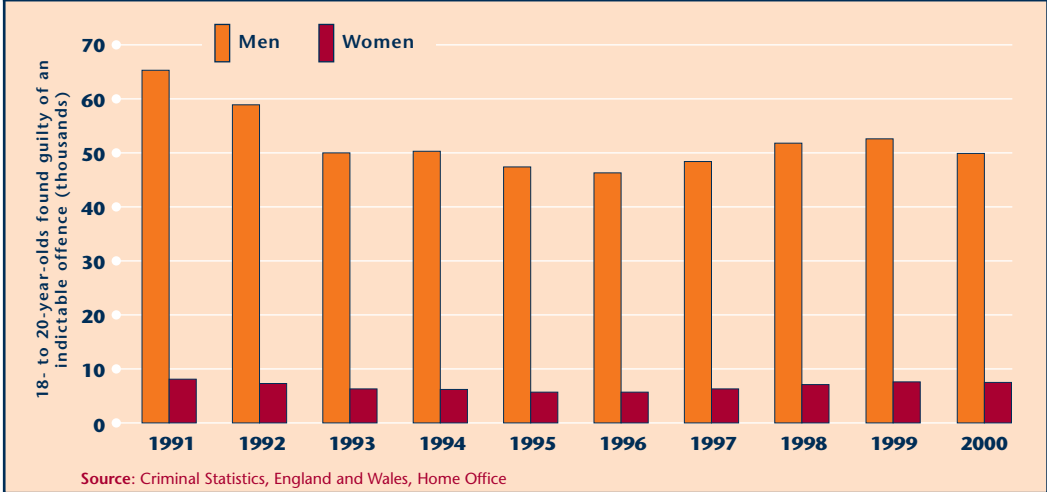
A basic qualification means an NVQ2 or equivalent (i.e. including five GCSEs at grade C or above; GNVQ level 2; two AS levels or one A level). 'Unqualified' means no GCSE passes at grade G or above and/or no NVQs. In line with DFES equivalence scales, 45 per cent of those with an 'other qualification' are considered to have NVQ2 or equivalent. The data is for the United Kingdom and the data source is the Labour Force Survey (LFS).

*Overall adequacy of the indicator: high. The LFS is a well-established, three-monthly survey designed to be representative of the population as whole. Note, however, that the data for 1995 and earlier does not explicitly include NVQs themselves.*

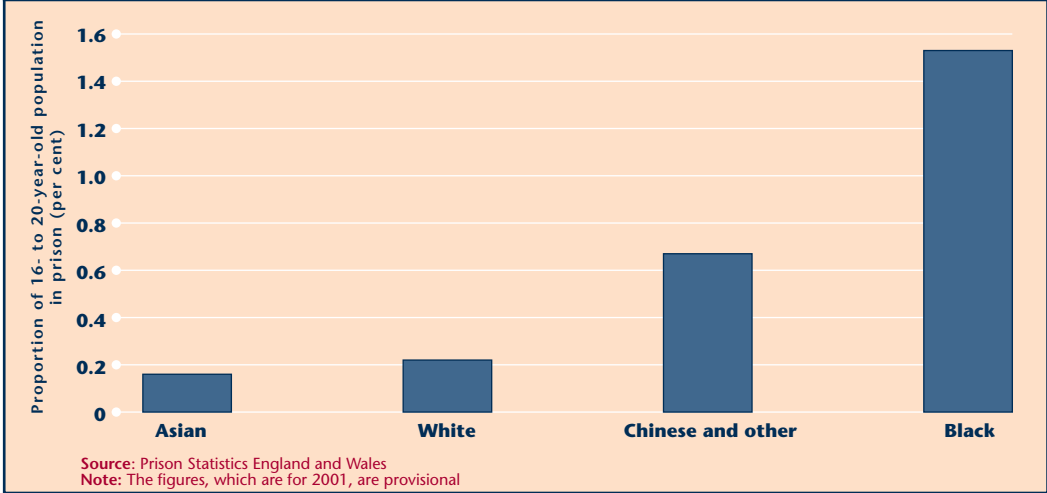
# With a criminal record

Indicator  
23

**The number of 18- to 20-year-olds found guilty of an indictable offence has remained broadly unchanged since 1993.**



**Black young adults are seven times as likely as white young adults to be in prison.**



The first graph shows the number of young men and women aged 18 to 20 who were convicted of an indictable offence in each year. The data relates to England and Wales. The update for this graph was not available at the time of publication due to a change in the publication cycle of this data by the Home Office.

The second graph shows the likelihood of being in prison under sentence across different ethnic groups in England and Wales in June 2001. It is based on provisional data. In putting together prison data with population data, it has been assumed that the relative sizes of the ethnic groups in the 16- to 20-year-old prison population in England and Wales in 1998 can reasonably be mapped onto the total populations of different ethnic groups aged 15 to 20 in Great Britain in the 1991 census. 'Asians' include people from Bangladeshi, Indian and Pakistani communities. 'Chinese and other' includes people from other Asian communities, Chinese ethnic groups and other.

Overall adequacy of the indicator: **medium**. The data is dependent upon administrative practices of the police and the judicial system. For example, according to Home Office Criminal Statistics (1995), rates of informal cautioning (which are not included in the graphs) have increased in recent years, which may have had a downward impact on the trends illustrated above.

# 4 Adults

## Why the indicators were chosen

Those aged from 25 to retirement age make up about half of the total population. Although they are in some ways the least vulnerable of all age groups, they are often under considerable and multiple pressures to support others as well as themselves.

### *Exclusion from work*

The first indicator is the **'numbers of people who would like paid work but do not have it'**. This indicator recognises that it is not sufficient to look only at those officially unemployed since they are actually a minority of working age adults who would like to have a job.

The second indicator is the **'number of workless households in which no one has worked for over two years'**. As with individuals, certain sorts of households are particularly vulnerable to being workless long-term. Lone parent households, households headed by someone sick or someone with a disability, and ethnic minority households all have an above average likelihood of being workless long-term.<sup>1</sup> Long-term unemployment also has many negative effects on health.<sup>2</sup>

### *Disadvantaged at work*

The working conditions and pay of some workers leave them only marginally better off than people without work, particularly if they are single and childless, and therefore ineligible for the major in-work tax credits. The last 20 years have seen a gap open between average earnings and the earnings of the lowest paid. The chosen low-pay indicator is the **'number of working age adults on low rates of pay'**.

Frequent moves in and out of low paid employment has become the experience of many workers, predominantly those with below-average skill levels. The chosen indicator of work insecurity is **'people making a new claim for unemployment benefit who were last claiming less than six months ago'**. The indicator also looks at the number of workers in temporary employment.

The chosen indicator on training is the **'chance of receiving job-related training by level of qualifications'**, which examines the inequality in access to training between those with and without qualifications. Work-related training and gaining new qualifications are both means of reducing the chances of negative labour market outcomes.<sup>3</sup>

### *Health and well-being*

The first health indicator is the **'number of local authorities where the death rate for under 65s is 10 per cent or more above the British average'**, providing an overall indicator of health inequalities.

The second indicator shows the **'proportion of working-age women who are obese'**. Obesity is a major risk factor for a range of lethal diseases, from heart disease to cancers<sup>4</sup> and, in the case of women, differs substantially by social class.

Self-reported health has been shown to be a reliable predictor of mortality, independent of other measures,<sup>5</sup> and the chosen indicator here is the **'number of self-reported, limiting long-standing illness, disability or infirmity'**.

Depression is one of the most common forms of mental illness, and its effects can spread into all dimensions of a person's life, including their work, home and social environments. Triggers identified for development of depression include unemployment, redundancy or the threat of it, and financial difficulties.<sup>6</sup> The chosen indicator of mental health is **'adults classified as being at high risk of developing mental illness'**.

## What the indicators show

### *The majority of those wanting paid work are now not officially unemployed*

At 1½ million, the number of ILO-defined unemployed is now half the figure of 1993. But the number of people who are economically inactive but want paid work – chiefly those who are sick and disabled and lone parents – has remained at around 2½ million throughout the same period. The combined effect is that the total number of people who would like to work has fallen much more slowly than the level of unemployed, from around 5 million in 1993 to 4 million in 2002. For differing reasons, many lone parents and the sick and disabled find it difficult to obtain paid work. Given that such people now form the substantial majority of those wanting paid work, this clearly poses a serious challenge to the strategy of reducing poverty by encouraging people into work.

The scale of this challenge is reinforced by the lack of change in the number of long-term workless households, which has remained at about 2 million since 1996.

It is also illustrated by the substantial number of those aged 45 to 64 who suffer a long-standing illness or disability which, at 3½ million, is also unchanged since 1993.

Within these overall totals, significant differences remain between groups. People of Caribbean, Bangladeshi and African ethnic backgrounds are twice as likely to be excluded from work as the white population. Although there have been significant steady rises throughout the last decade,<sup>7</sup> more than two-fifths of lone parents still did not have paid work in 2002, compared with one in twenty couples with children. The proportion of the working age population wanting paid work varies significantly by region, from 13 per cent in the ‘worst’ region (North East) to 7 per cent in the ‘best’ (Eastern).<sup>8</sup> Those from manual backgrounds are twice as likely to have a long-standing illness or disability as those from professional or managerial backgrounds.

Some of the groups most excluded from work – the long-term unemployed, lone parents, people with disabilities and the over 50s – are the target of New Deal policies to increase their labour market participation. The government’s Public Service Agreement 2002 does not, however, provide any quantified targets for what it is aiming to achieve.

### *Disadvantage at work continues to be a major problem*

Since the introduction of the national minimum wage, the number of adults paid below this **hourly rate of pay** has dropped substantially, from 1½ million in 1998 to 200,000 in 2001.<sup>9</sup> But the trend is much less favourable when looking at slightly higher rates of hourly pay: in 1998, 2½ million adults aged 22 or over were paid less than £4 per hour; by 2001, an estimated 2 million were still being paid less than this hourly rate, after up-rating for inflation. The vast majority of these are women, and represent a particularly high proportion of the workforce in the distribution, hotel and restaurant trades.

This apparent continuing prevalence of low pay is reinforced by the observation that half of all children and working age adults living in low income households have at least one of the adults in the household in paid work.<sup>10</sup>

It also reinforces our concerns about the lack of proper official data about the extent of low pay. Such data is now only available at government discretion, with a substantial time lag, and with methods for deriving the data that are not available for public scrutiny.<sup>11</sup>

Other aspects of disadvantage at work continue largely unchanged. Around two-fifths of people who make a new claim for Jobseeker’s Allowance last claimed less than six months ago, the same as in 1995. One and a half million adults are employed on temporary contracts, also the same as in 1995, but after having risen and then fallen during the intervening period. Those without

qualifications are three times less likely to get work-related training as those with qualifications, and the fewer qualifications a person has the less likely they are to receive such training.

### *Continuing health inequalities*

Government processing of the 2001 mortality data has apparently been delayed and thus the latest data on **premature death** remains for the year 2000. The 2001 data will be important to see if the significant fall in geographic concentration of health inequalities that occurred in 2000 – measured according to the number of local authority areas with mortality rates which are significantly above average – represents the start of a downward trend or a blip in the statistics. Within Great Britain, Scotland had by far the highest proportion of premature deaths for men: a third of its local authorities had high male mortality rates, compared with one in ten for Great Britain as a whole.

Levels of **obesity** remain at a historic high, a fifth of working age women were obese in 2000, and women from manual backgrounds are somewhat more likely to be obese than women from non-manual backgrounds (although there is no such pattern for men).

There are signs of some improvement in the prevalence of **mental health** problems: the Health Survey for England (2000) suggests that the proportion of the working age population at high risk of developing a mental illness has dropped by a fifth since its peak in 1995. Any improvements, however, appear to have been concentrated in those with above-average incomes, and the poorest two-fifths of the population have become twice as likely to be at risk than the richest two-fifths.

The government's 2002 Public Service Agreement does not mention health inequalities amongst adults. Rather, in terms of specific initiatives, it has chosen to focus on the geographical dimension of health inequalities through its Health Action Zones. Clearly, not all disadvantaged people live in disadvantaged areas and one issue for future monitoring will therefore be the extent to which the government's primarily geographic approach reduces the overall inequalities, or whether new non-geographic initiatives are also needed.

**Indicator 24: Individuals wanting paid work**  
**Indicator 25: Households without work for two years or more**

**Relevant Public Service Agreement targets**

Public Service Agreement 2002, DWP, Target 3	Demonstrate progress by Spring 2006: increasing the employment rate and reducing the unemployment rate over the economic cycle.
Public Service Agreement 2002, DWP, Target 4	Over the three years to Spring 2006, increase the employment rates of disadvantaged areas and groups, taking account of the economic cycle – lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications, and the 30 local authority districts with the poorest initial labour market position, and significantly reduce the difference between their employment rates and the overall rate.
Public Service Agreement 2002, DWP, Target 7	In the three years to 2006, increase the employment rate of people with disabilities, taking account of the economic cycle, and significantly reduce the difference between their employment rate and the overall rate. Work to improve the rights of disabled people and to remove barriers to their participation in society.

**Selected major initiatives under way**

Policy	Start date	Key department	Key delivery agency	Budget/target/comments
New Deal for the long-term unemployed	June 1998: introduced for those 25 and over April 2001: extended to the under 25s	DFES/DWP	Employment Service	Aimed to move 38,000 people unemployed for 2 years or more into work in 1999/2000, 32,000 people in 2000/01 and 62,000 people in 2001/02. As of January 2002, Government figures were that 350,000 started on the scheme pre-April 2001, of whom 73,000 found jobs. After April 2001, 100,000 more estimated to have started, of whom 22,000 have found jobs.
New Deal for disabled people	September 1998: introduced April 2001: extended	DFES/DWP	Jobcentre Plus with variety of local partnerships	Aimed to move 85,000 disabled people into work. As of January 2002, there were 30,000 participants, with 10,000 finding jobs. Budgets of £5m 1998/99 and £20m each year from 2000 to 2004.
New Deal for lone parents	July 1997: prototype October 1998: national rollout April 2000: uprated October 2001: uprated and extended	DFES/DWP	Jobcentre Plus with variety of local partnerships	Aims to achieve an overall 70% employment for lone parents by 2010, including 15,000 lone parents in 1999/2000, 29,000 in 2000/01 and 62,000 in 2001/02. As of January 2002, Government figures state that 320,000 lone parents started the scheme, with 145,000 finding jobs. In 1998, the programme focused on those lone parents making a new or repeat claim for income support. In 2001, the initiative was extended in a number of ways, for example providing financial support for training and childcare, as well as to all lone parents claiming benefits or on low income. Now includes a mentoring service. Budget of £20m for 1998/99, £40m for 1999/00, £50m for 2000/01, £100m for 2001/02, £180m for 2002/03 and £250m for 2003/04.

<p>New Deal for the over 50s</p> <p>November 1999: pathfinders April 2000: implementation</p> <p>Jobcentre Plus with variety of local partnerships</p> <p>DFES/DWP</p> <p>A voluntary scheme: 1 million people are eligible to participate. Aimed to move 14,000 over-50s into voluntary work in 2000/01 and 30,000 in 2001/02. As of January 2002, Government figures were that over 61,000 people had found jobs through the scheme. Includes payments of tax-free employment credit, a training grant, and support and advice.</p> <p>Budgets of £5m for 1999/2000 and £20m for each year until 2004.</p> <p>New Deal for partners of unemployed people</p> <p>February 1999: started April 2000: became mandatory</p> <p>Jobcentre Plus with variety of local partnerships</p> <p>DFES/DWP</p> <p>Aimed to move 3000 eligible people into work in 2000/01 and a further 3000 in 2001/02.</p> <p>Budgets of £5m for 1999/00 and £20m for each subsequent year until 2004.</p>	
<p><b>Indicator 26: Low pay</b></p> <p><b>Relevant Public Service Agreement targets</b></p> <p>By 2006 working with all departments bring about measurable improvements in gender equality across a range of indicators, as part of the Government's objectives on equality and social inclusion.</p>	
<p><b>Selected major initiatives under way</b></p>	
<p>Policy</p> <p>National minimum wage</p> <p>Working Families Tax Credit (WFTC) (replaced Family Credit)</p>	<p>Start date</p> <p>April 1999: introduced October 2000: uprated October 2001: uprated October 2002: to be uprated</p> <p>October 1999: introduced October 2000: uprated April 2001: uprated October 2001: uprated April 2002: uprated June 2002: uprated October 2002: to be uprated To be replaced by a combination of Working Tax Credit and Child Tax Credit in April 2003</p>
<p>Key department</p> <p>DTI</p> <p>Treasury and DWP</p>	<p>Key delivery agency</p> <p>Inland Revenue and employers</p> <p>Inland Revenue and employers</p>
<p>Budget/target/comments</p> <p>When first introduced, set at £3.60 for those over 22 years, unless in an exempt category or on a registered training scheme (in which case only £3.20). £3.00 per hour for those aged 18 to 21. Raised in October 2000 to £3.70 (£3.20 for those aged 18 to 21). Raised in October 2001 to £4.10 (£3.50 for those aged 18 to 21). To be raised to £4.20 (and £3.60) in October 2002.</p> <p>The Low Pay Commission estimated that the original national minimum wage affected 1.3 million jobs, potentially rising to 1.5m after the 2001 and 2002 increases.</p> <p>For families/ lone parents with one child or more who are working for a minimum of 16 hours per week. It consists of a basic element, an element for those working 30 hours plus per week, and an element for each child. Help towards childcare cost is also available.</p> <p>When first introduced, guaranteed a weekly gross income of £200 for a family with one full-time worker. No tax until £235 per week for families with one full-timer (55p taper, down from 70p under Family Credit). The level of the credit depends on number of children, how many hours worked (the minimum is 16 hours), childcare costs and levels of savings.</p> <p>Raised in October 2000, minimum income guarantee to £208.</p>	

Raised in April 2001, minimum income guarantee to £214. Also, no tax is paid until earnings of £250 are reached, for a family with one full-timer.  
 Raised in October 2001, minimum income guarantee to £225.  
 Raised in April 2002, minimum income guarantee to £227.  
 Raised in June 2002, minimum income guarantee to £230.  
 Raised in October 2002, minimum income guarantee to £231.  
 As of November 2001, 1.3 million families were claiming (nearly 1/2 million more than Family Credit).  
 Provides £5bn of help each year, compared with £3 1/2 billion for Family Credit. The 2002 budget estimated that families on WFTC are on average £40 a week better off than they were under Family Credit.  
 Those with a net weekly income below £92.90 per week receive the maximum WFTC. Above that, for every pound earned over that level, 55p is deducted from the amount payable. Savings are also taken into account: those with over £8000 cannot claim WFTC and those with savings of under £3000 are unaffected. For every £250 over £3000 savings, £1 is added to the net weekly income. Income from most other benefits, including Child Benefit, Housing Benefit, Disability Living Allowance and Council Tax Benefit, is not included in the calculation for entitlement to WFTC.

**Indicator 29: Premature death**

**Indicator 30: Obesity**

**Indicator 31: Limiting long-standing illness or disability**

**Relevant Public Service Agreement targets**

Public Service Agreement 2002, Department of Health, Target 6	Reduce substantially the mortality rates from the major killer diseases by 2010: from heart disease by at least 40% in people under 75; from cancer by at least 20% in people under 75.
Public Service Agreement 2002, Department of Health, Target 7	Improve life outcomes of adults and children with mental health problems through year-on-year improvements in access to crisis and CAMHS services, and reduce the mortality rate from suicide and undetermined injury by at least 20% by 2010.

**Selected major initiatives under way**

Policy	Start date	Key department	Key delivery agency	Budget/target/comments
Health Action Zones	April 1998: first wave April 1999: second wave	DH	Health partnerships (NHS, Local Authorities, voluntary and private sectors)	Aims to improve health and to modernise services in areas of high health need and deprivation. There are 26 zones that will operate for seven years and collectively cover around 13 million people. A budget of £320m for the three years from 1999/00.

**Indicator 32: Mental health**

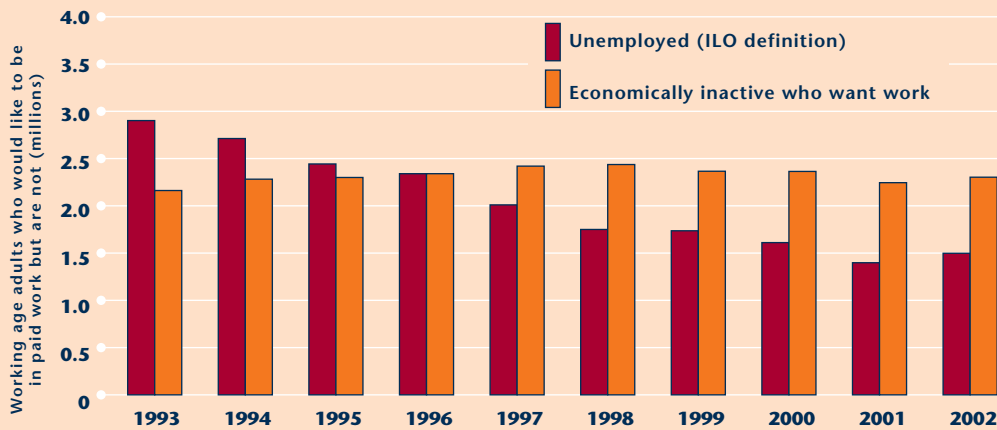
*Selected major initiatives under way*

<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>	<i>Budget/target/comments</i>
Modernising Mental Health Services	1999	DH	Health Authorities	Aims to reduce mental health problems, including depression. The only specific target is on suicides: to reduce the rate of suicides by at least 20% by 2010. A budget of £700m for 1999/02.

# Individuals wanting paid work

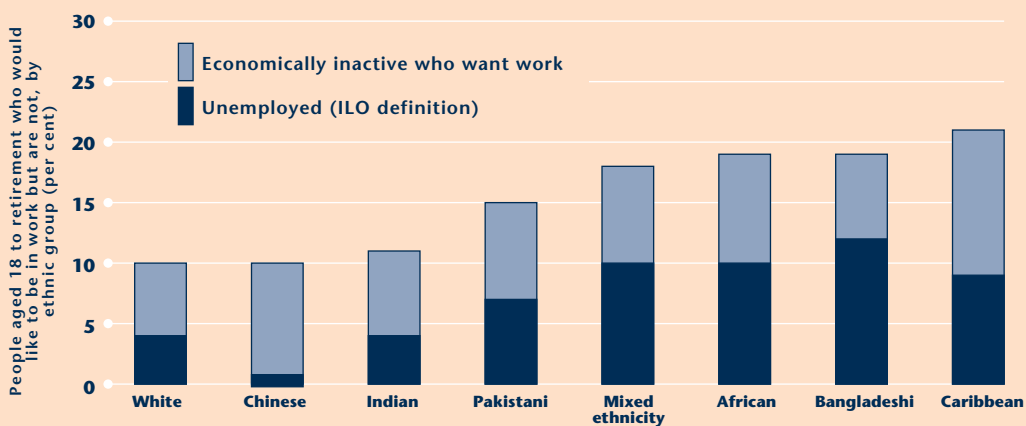
Indicator  
24

**Whereas the number officially unemployed has dropped substantially over the last decade, the number who are 'economically inactive but would like work' has remained unchanged.**



Source: Labour Force Survey, Spring Quarters, ONS 2002

**People of Caribbean, Bangladeshi and African descent are much more likely than others to be out of work but wanting work.**



Source: Labour Force Survey, Spring Quarter, ONS 2002

The first graph shows the number of working age people wanting work. It is divided between the unemployed (as defined by the ILO) and those counted as 'economically inactive' who nevertheless want work. This latter group includes people not available to start work for some time and those not actively seeking work. The data is based on a question in the Labour Force Survey (LFS) asking the economically inactive whether they would like paid work or not. The data relates to the United Kingdom.

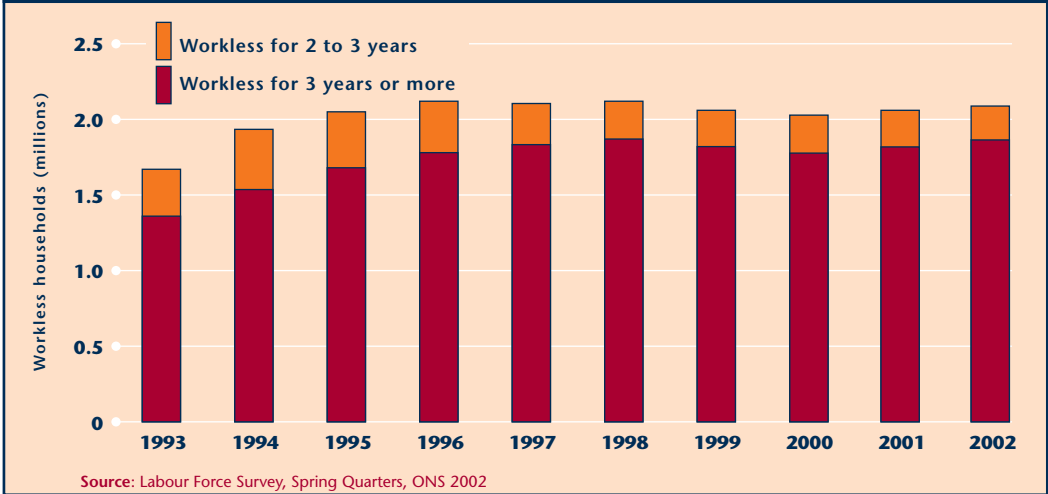
The second graph shows the same data for Great Britain by different ethnic groups for 2002 expressed as a percentage of the total population of the relevant group. Because the data is in percentages rather than absolute numbers, it excludes both 16- and 17-year-olds on the grounds that these may distort the percentages. Because the data is about ethnicity, it also excludes Northern Ireland.

Overall adequacy of the indicator: **high**. The LFS is a well-established, three-monthly government survey of 60,000 households, designed to be representative of the population as a whole.

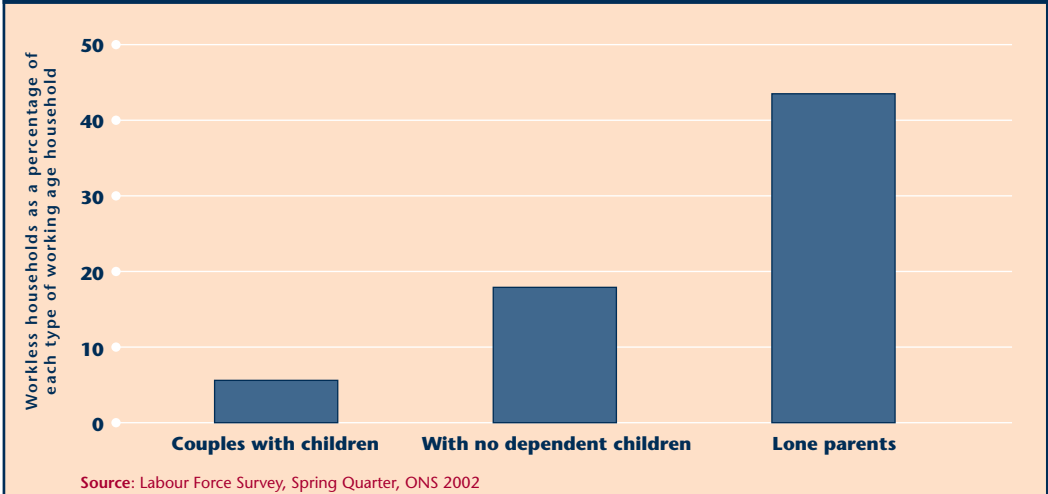
# Households without work for two years or more

Indicator  
25

**The number of long-term workless working age households has been consistently above 2 million since 1995 and shows no sign of falling.**



**Two-fifths of all lone parents do not have paid work.**



The first graph shows the total number of working age households where no one has worked for two years or more. The upper part of the bar shows how many have been workless for between two and three years. The lower part shows how many have been workless for three years or more.

The second graph analyses data for 2002 by family type.

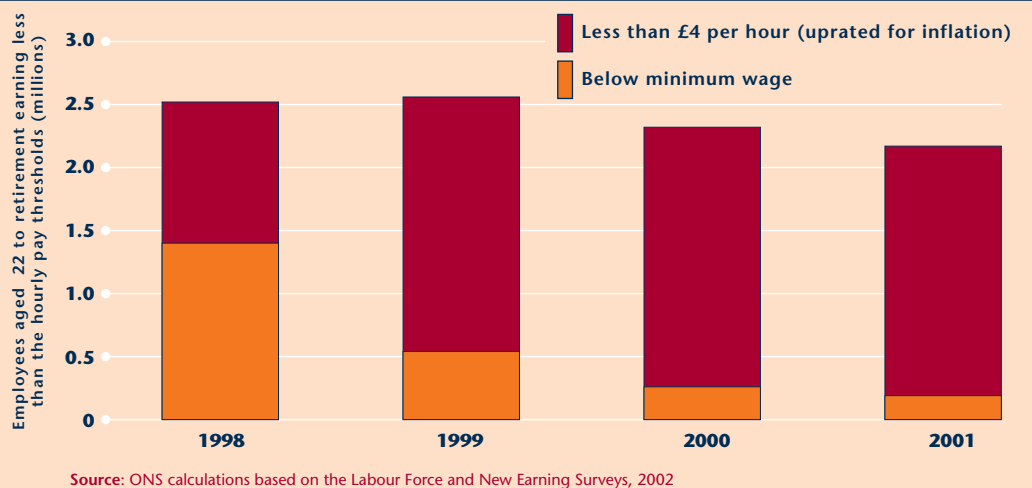
Data is for the spring quarter of the Labour Force Survey (LFS) of each year and relates to the United Kingdom. It looks at the whole labour force from age 16 upwards and so applies to 'young adults' as well.

Overall adequacy of the indicator: **high**. The LFS is a well-established, three-monthly government survey of 60,000 households designed to be representative of the population as a whole.

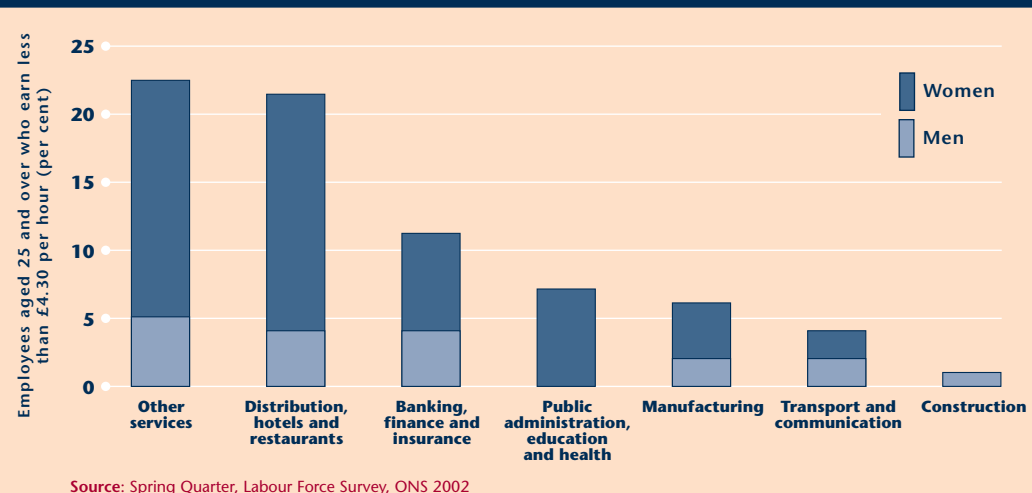
# On low rates of pay

Indicator  
26

**The number of people on low pay fell between 1998 and 2001, but by much less than the number paid below the national minimum wage.**



**There is a much higher proportion of low paid workers in the distribution, hotel, restaurant and other service sectors than in other sectors.**



The first graph shows the estimated number of employees aged 22 to retirement age who were paid below various hourly rates of pay in each year shown. No data is yet available for 2002 and none is available for years before 1998. The first threshold is the national minimum wage, which was £3.60 per hour in 1998 to 2000 and £3.70 in 2001. The second threshold is £4.00 per hour in 1998, rising in 10p increments in each year thereafter to reflect inflation (£4.10 in 1999, £4.20 in 2000 and £4.30 in 2001). The threshold of £4.00 was chosen because it roughly corresponds with half male median hourly pay. The 10p increments were chosen for two reasons: first, the percentage rise represented by each increment is an amount which is somewhere between price inflation and earnings inflation; and, second, the data limitations are such that only increments rounded to the nearest 10p are possible. The figures are from published ONS statistics which were themselves derived from a combination of data from the Labour Force Survey and New Earnings Survey (NES), with adjustments by the ONS.

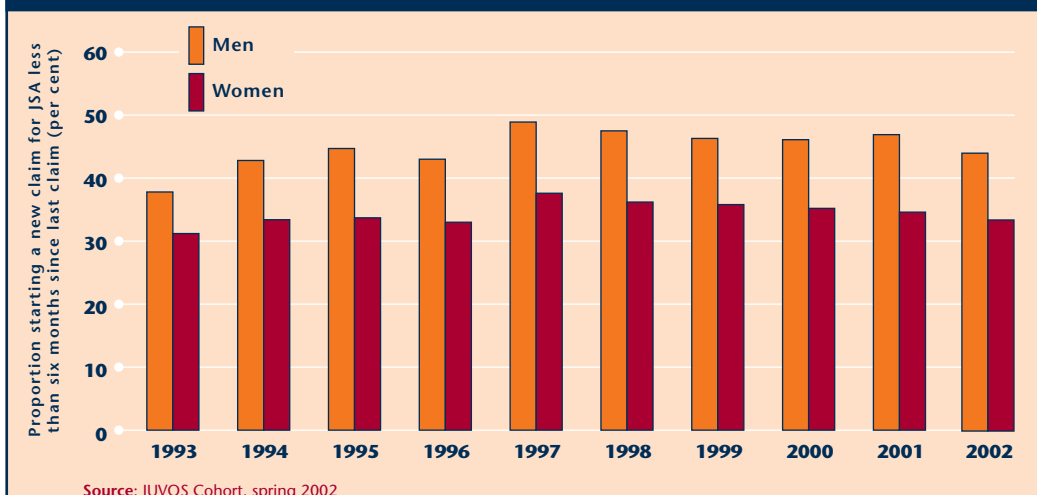
The second graph shows the proportion of workers aged 25 and over who were paid below £4.30 per hour by industry sector. The £4.30 figure is used to provide some consistency with the first graph. The data is from a direct question in the spring quarter of the LFS 2002 and only includes those people who answered this question.

*Overall adequacy of the indicator: limited. The LFS and NES are well-established government surveys, designed to be representative of the population as a whole. However, neither survey accurately measures low pay in its own right. The ONS method for combining and adjusting the data is not available for public scrutiny, and the underlying dataset itself is not publicly available. In other words, outside researchers now have to rely on whatever data the Office decides to publish.*

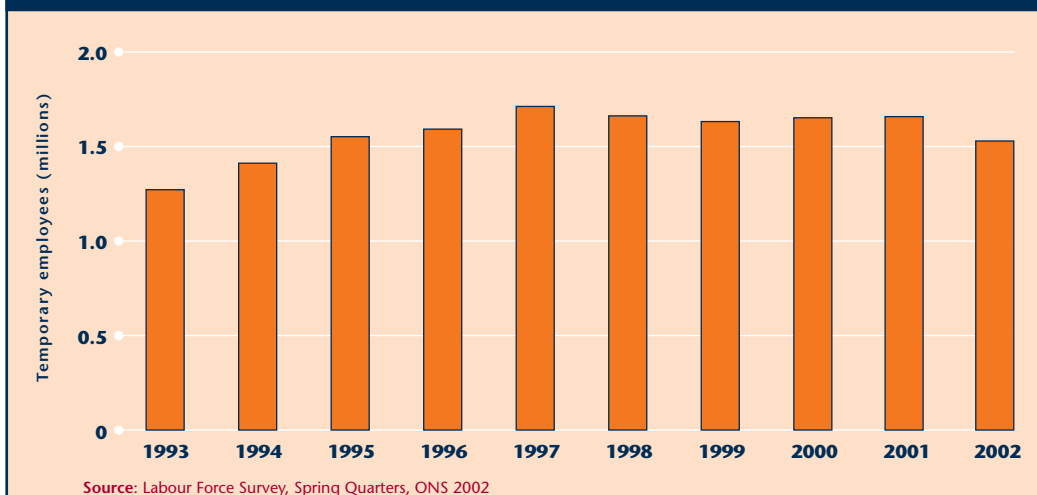
# Insecure at work

Indicator  
27

**Two-fifths of those making a new claim for Jobseeker's Allowance were last claiming less than six months ago. This figure has been gradually declining since 1997.**



**The number of people on temporary contracts was the same in 2002 as in 1995, after rising then falling.**



The first graph shows the probability that someone who makes a new claim for Jobseeker's Allowance (started during the quarter January to April) was last claiming that benefit less than six months previously. Figures are shown separately for men and women. The data relates to Great Britain and is taken from the spring quarters of the Joint Unemployment and Vacancies Operating System (JUVOS) cohort. Note that data published this year is based on revised statistics and is therefore not comparable to that published in previous years.

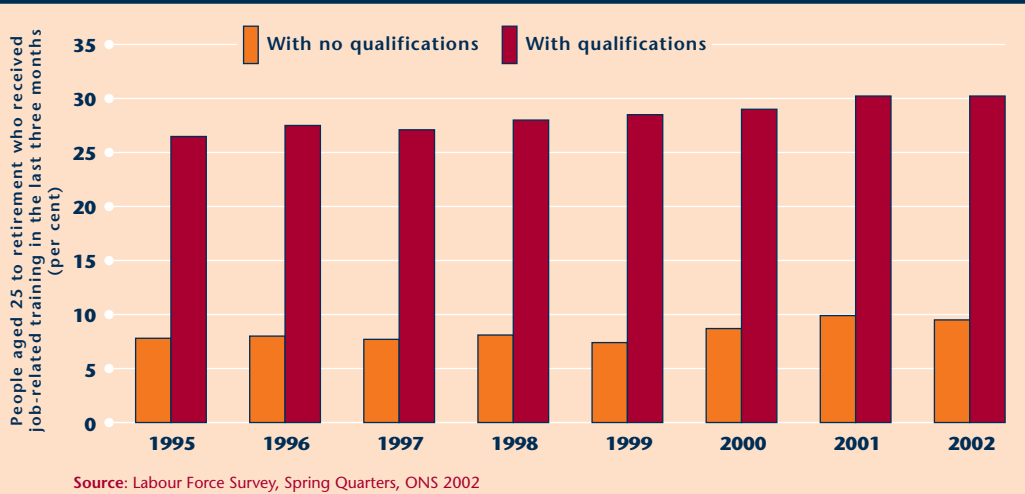
The second graph shows the number of temporary workers who are of working age. A temporary employee is one who said that his/her main job is non-permanent in one of the following ways: fixed period contracts; agency temping; casual work; seasonal work; and other temporary work. The data is based on non-seasonally adjusted spring quarters of the Labour Force Survey. The data relates to the United Kingdom.

Overall adequacy of the indicator: **medium**. While the claimant count data is sound, the narrower definition of unemployment that it represents means that it understates the extent of short-term working interspersed with spells of joblessness.

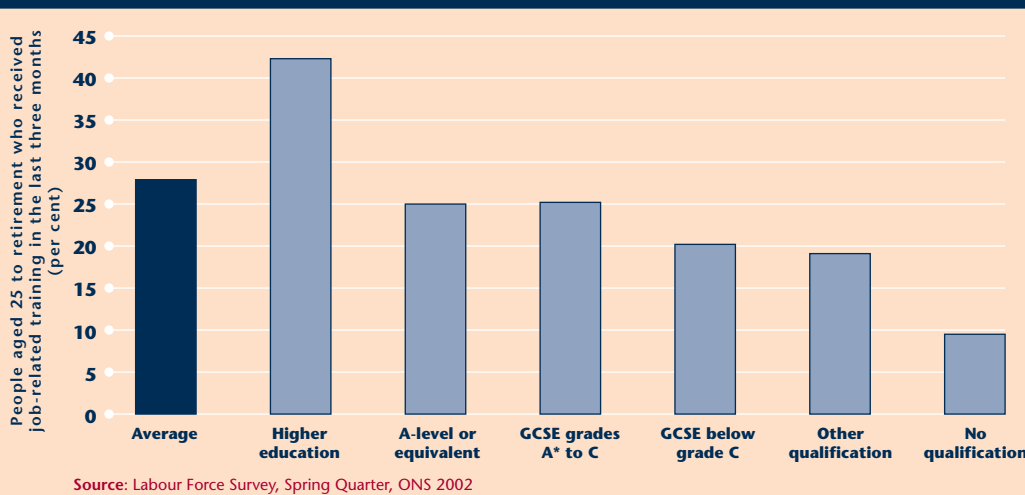
# Without access to training

Indicator 28

**One in ten people without qualifications received some job-related training in the last three-month period. This compares with one in three for those with qualifications.**



**The fewer qualifications a person has, the less likely they are to receive training.**



The first graph shows the proportion of employees aged 25 to retirement age who are economically active who have received some job-related training in the previous three months according to whether they have some qualification or not. The qualifications include both current qualifications (e.g. GCSEs) and qualifications which have been awarded in the past (e.g. O levels).

The second graph breaks down the latest year data according to the level of the employees' highest qualification.

In both graphs, the data refers to the United Kingdom, the data source is the Labour Force Survey (LFS) Spring Quarter and the training includes that paid for by employers and by employees themselves.

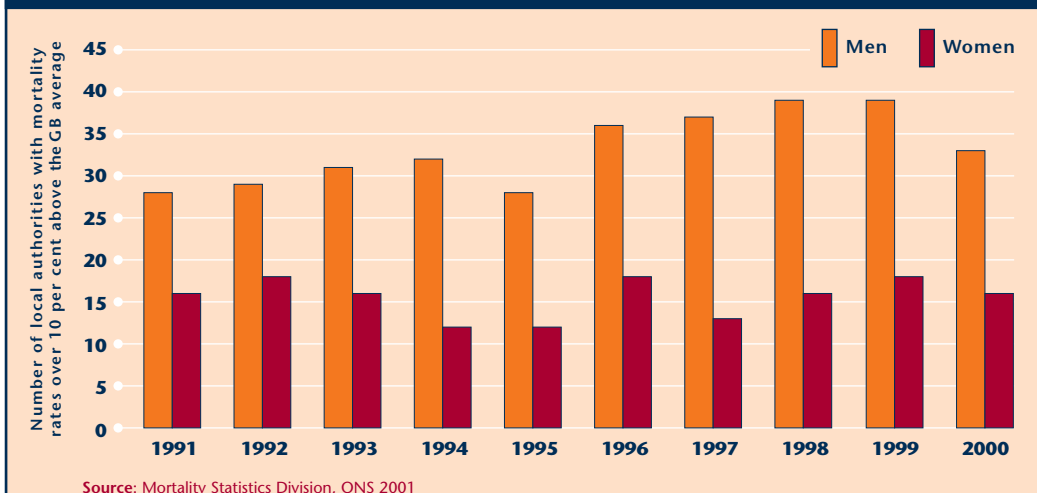
Note that in previous years Autumn Quarter LFS data was used for this indicator. Data published this year is therefore not comparable with data published in previous years.

Overall adequacy of the indicator: **medium**. The LFS is a well-established, quarterly government survey, designed to be representative of the population as a whole. But a single, undifferentiated notion of 'training,' without reference to its length or nature, lessens the value of the indicator.

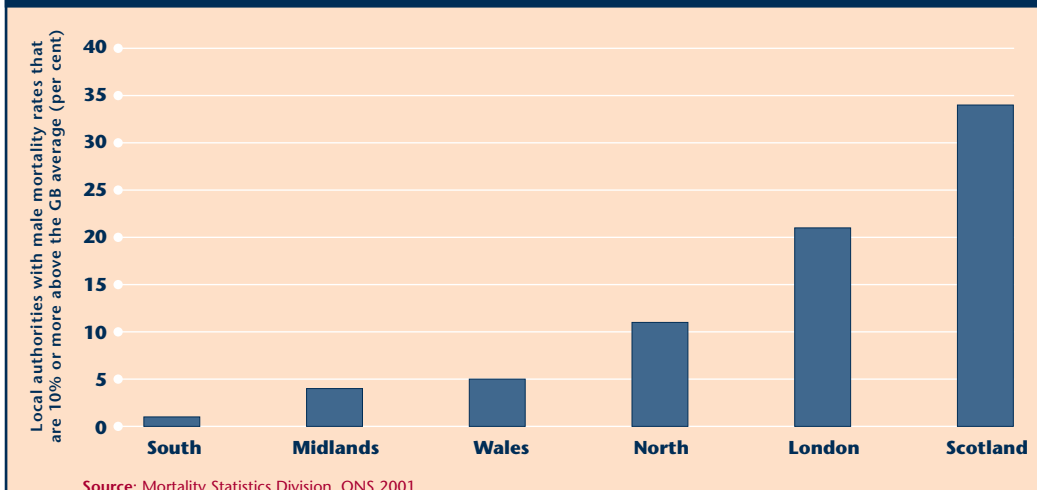
# Premature death

Indicator  
29

**After rising throughout most of the decade, geographic concentrations of premature deaths amongst men under age 65 fell in 2000.**



**Scotland has the highest proportion of local authorities with high male mortality rates.**



The first graph shows, separately for men and women, the number of local authorities where the age standardised mortality rate (based on the European Standard Population) for those aged under 65 is at least 10 per cent above the Great Britain rate for the year in question. The strict definition of '10 per cent above average' is that the lower bound of the 95 per cent interval estimate for the authority, and the upper bound of the 95 per cent interval estimate for Great Britain as whole, differ by 10 per cent of the British average.

The second graph shows where those 33 local authorities which in 2000 had mortality rates amongst men aged under 65 which were more than 10 per cent above national average are located. Note that, over the period 1991 to 2000, premature deaths fell by some 16 per cent for men on average and by 12 per cent for women.

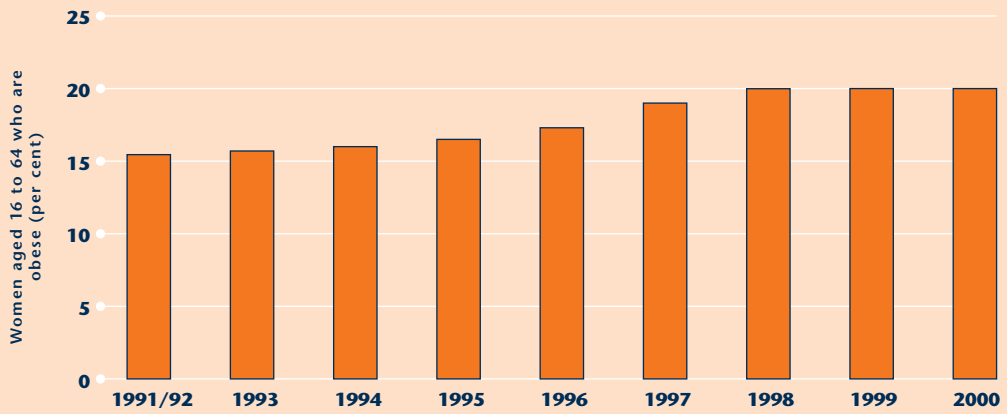
Updates of mortality data were not available from the ONS and the Scottish General Register Office at the time of going to press.

Overall adequacy of the indicator: **high**. The underlying data are deaths organised according to the local authority area of residence of the deceased by the ONS in England and Wales and by the Registrar General for Scotland.

# Obesity

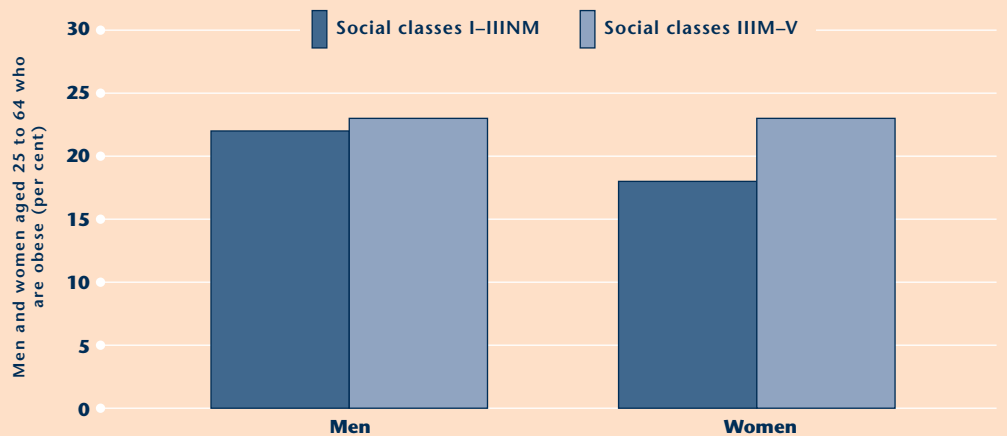
Indicator  
30

## A fifth of working age women are now obese.



Source: Health Survey for England 1999, DH 2001

## Women from manual backgrounds are more likely to be obese than women from non-manual backgrounds. There is no clear difference for men.



Source: Health Survey for England 2000, DH 2001

The first graph shows the number of women aged 16 to 64 who are obese, where obesity is defined as those with a body mass index greater than 30kg/m<sup>2</sup>.

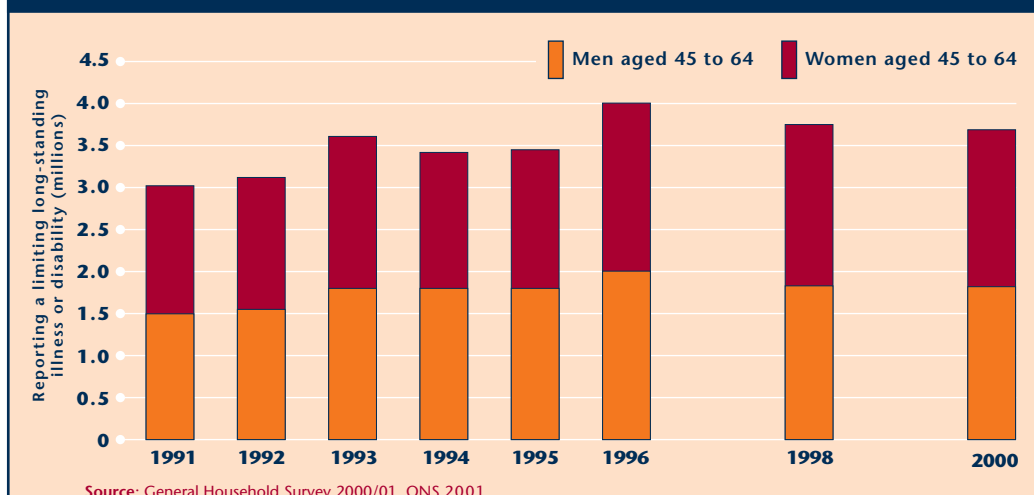
The second graph shows the variation in 2000 across social classes in the percentage of men and women aged 25 to 64 who were obese. The data relates to England only.

Overall adequacy of the indicator: **high**. The Health Survey for England is a large survey which is designed to be representative of the population in England as a whole.

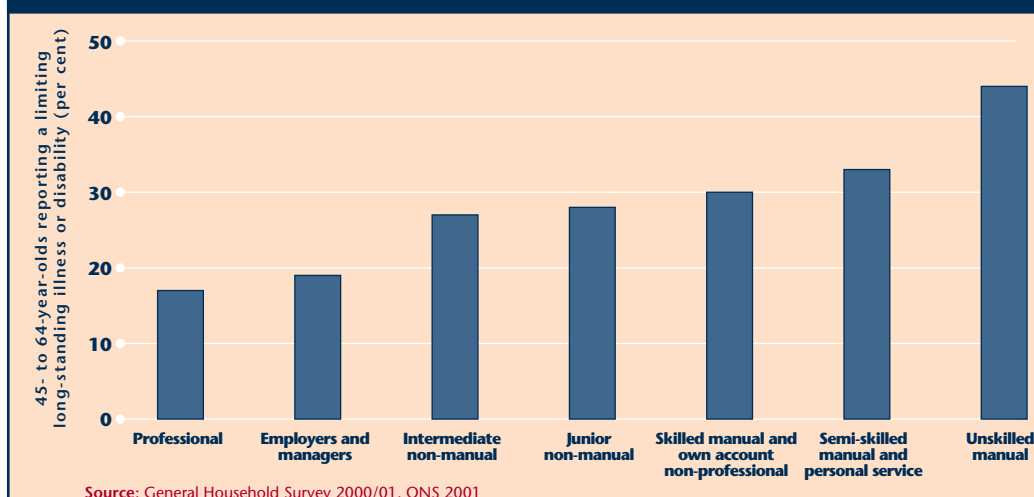
# Limiting long-standing illness or disability

Indicator  
31

**Nearly 4 million adults aged 45 to 64 suffer a long-standing illness or disability that limits their activity.**



**Adults in manual occupational groups are more at risk of a long-standing illness or disability than those in non-manual work.**



The first graph shows the number of adults aged 45 to 64 who report having a long-term illness or disability that limits the activities they are able to carry out. The question asked is "Do you have any long-standing illness, disability or infirmity? Long-standing is anything that has troubled you over a period of time or that is likely to affect you over a period of time. Does this illness or disability limit your activities in any way?"

Note that the data for 1997 and 1999 is missing because the GHS was not carried out in those years. Also the data for 2000 is weighted, but for all previous years it is unweighted. Unweighted data is no longer published by the GHS.

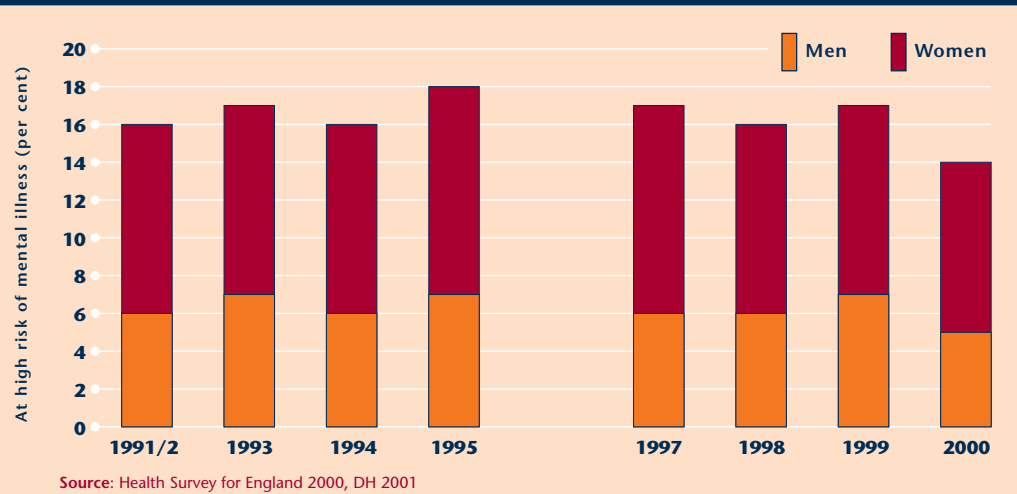
The second graph shows how the level of self-reported ill health and disability varies between occupational groups in 2000. The data relates to Great Britain.

Overall adequacy of the indicator: **medium**. While the General Household Survey is a well-established government survey designed to be representative of the population as a whole, the inevitable variation in what respondents understand and interpret as 'long-standing' and 'limiting activity', diminishes the value of the indicator.

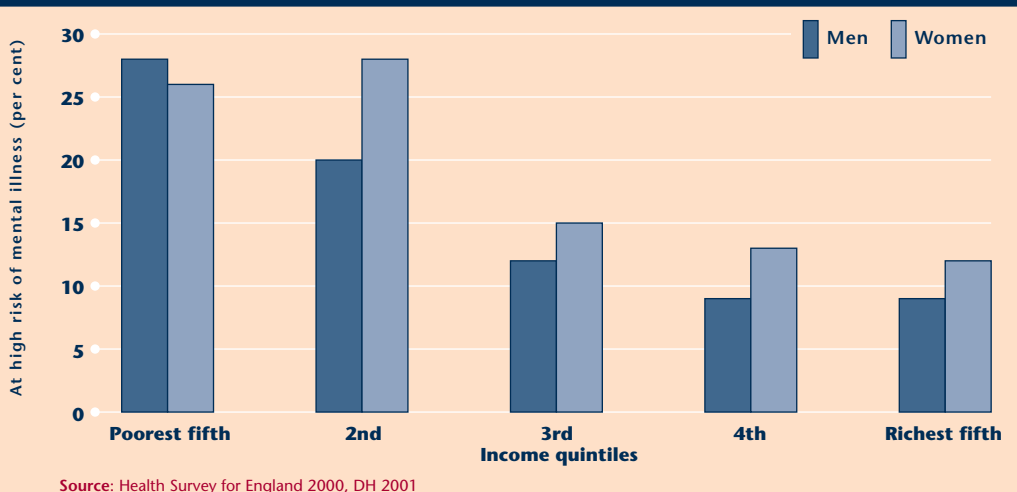
# Mental health

Indicator  
32

**The proportion of the working age population at high risk of developing a mental illness has remained steady throughout the last decade. Women are more at risk than men.**



**People on below-average incomes are at much higher risk of developing a mental illness than those on average and higher incomes.**



The first graph shows the proportion of adults aged 16 to 64 who are classified as being at high risk of developing a mental illness. This is determined by asking informants a number of questions about general levels of happiness, depression, anxiety and sleep disturbance over the previous four weeks, which are designed to detect possible psychiatric morbidity. A score is constructed from the responses, and the figures published show those with a score of 4 or more. This is referred to as a 'high GHQ12 score'.

Note that data for 1996 is not available from the Health Survey for England.

The second graph shows the variation of the above in 2000 across income groups.

The data relates to England only.

Overall adequacy of the indicator: **high**. The Health Survey for England is a large survey which is designed to be representative of the population in England as a whole.

# 5 Older people

## Why the indicators were chosen

### *Economic circumstances*

Although pensioners on average enjoy better incomes than they have in the past, this rising average conceals a large minority who have no additional resources other than the state retirement pension and means-tested benefits. The first indicator of pensioner economic circumstances is the **'number of pensioners without a private income (i.e. no income other than the state retirement pension and state benefits)'**.<sup>1</sup>

The second chosen indicator for pensioner economic circumstances is the **'level of expenditure on essentials'**, tracked separately for pensioners solely reliant on income from the state and other pensioners with additional incomes.

### *Health and well-being*

As with other age groups, health problems amongst older people are not evenly distributed but are concentrated amongst the poorest. While life expectancy has been increasing overall, in many cases the number of years free of sickness and pain have not.<sup>2</sup>

Failing health is an inevitable consequence of growing older, but some of the effects of poor health can be avoided, and preventative healthcare can reduce the overall burden of ill health suffered. Older people occupy much of the substandard housing in Britain, and the link between ill health and housing is strong for older people. This is particularly important because many older people spend such a lot of time at home. The first health-related indicator is the **'number of excess winter deaths amongst older people'**, which also includes a graph showing the relationship between poor insulation and low income amongst older people.

Many disabled people are aged over 60. The second indicator is the **'proportion of older people reporting ill health or a disability that limits their activities'**, with the second graph showing the disparity across occupational groups.

Many older people suffer anxiety and depression, caused and compounded by bereavement and indeed retirement itself – which for many is a disorientating and stressful experience. One symptom of anxiety and depression is fear of leaving the house and the third indicator is the **'proportion of older people feeling unsafe out alone after dark'**.

### *Access to services*

The quality and appropriateness of services that older people receive is critical to their well-being and quality of life.

Both the quality of the experience older people have at home and the feasibility of remaining at home will depend on the support that they receive.<sup>3</sup> The first indicator is the **'proportion of those aged 75 and over who receive help from social services to live independently at home'**.

The second indicator of access to services is the **'proportion of pensioner households without a telephone'**. Telephone access for older people varies with income and is an important means of connection to the outside world, particularly to family and friends, as well as providing access to a range of services. Most of the population believe that a telephone is now a necessity of modern life.<sup>4</sup>

## What the indicators show

### *Favourable trends for telephone usage*

At 2½ per cent, or 170,000 households, the proportion of pensioner households without a telephone is a quarter of the levels of a decade ago. Although there was no reduction in the latest year (2000/01), the fact that poorer pensioners are still twice as likely to be without a telephone as other pensioners shows that there is scope for further reduction.

### *Unfavourable trends for help from social services*

The proportion of people aged 75 and over who receive support from social services to help them live at home continues to fall, and is now less than two-thirds of what it was at the peak in 1994.<sup>5</sup> Most county councils support fewer households than other types of authority. Whereas the same was also true for unitary authorities in the past, these now divide roughly equally between above-average and below-average provision.

### *1.3 million pensioners still reliant on state pensions and benefits*

The number of pensioners with no income other than their state pension and state benefits has remained within the 1.2 to 1.4 million range since at least 1994/95. A substantial reduction in this level would depend on more people of working age starting to contribute to a non-state pension and, as such, would take a long time to come into effect.<sup>6</sup>

In 2000/01, around 25 per cent of the pensioner population were living on incomes below 60 per cent of the median (after housing costs). This represents a small fall since 1996/97, when the figure was 27 per cent, and is a lower proportion than for the rest of the population.

In this context, it is worth noting that more than half of low income pensioners have a weekly income within £25 of the low income threshold, compared with only a quarter of the rest of the population on low incomes.<sup>7</sup> Furthermore, although the government's Minimum Income Guarantee (MIG) for pensioners was introduced in April 1999, the big rises in the amounts actually came into effect in April 2001 and are thus not included in the 2000/01 figures.<sup>8</sup> Whilst the 2001 increases are unlikely to lift pensioners above the low income threshold, it will move them much closer to it.<sup>9</sup>

Within the overall figures, there are significantly fewer younger pensioner couples who are on low income than either single or older pensioners. For example, only 15 per cent of pensioner couples aged 75 and under were in the poorest fifth of the population.

Finally, spending on essentials by pensioner households who mainly depend on the state pension increased by 7 per cent in real terms between 1992 and 2000/01, a similar percentage increase to that for better-off pensioners.<sup>10</sup>

### *Little change in the other indicators, with poorer people continuing to fare worse*

Around 4 million people aged 65 and over report a **long-standing illness or disability**, the same as a decade ago. People from manual backgrounds are around 1½ times as likely to report such illness or disability as those from professional or managerial backgrounds.

Among those aged 60 or over, 60 per cent of women and 25 per cent of men, **feel unsafe out at night**, the same as a decade ago.<sup>11</sup> People from manual backgrounds are more likely to feel anxious or depressed than those from non-manual backgrounds.

Whilst the numbers change substantially from year-to-year, with little overall pattern, around 20,000 to 50,000 more pensioners always **die each year in winter months** than in other months. In this context, it is noteworthy that poorer pensioners are around twice as likely to live in energy inefficient housing as the best-off pensioners.

Given that much of the population of older people in the latest statistics will also have been in statistics from a decade ago, the general lack of change is perhaps not surprising. It does, however, suggest that nothing is happening in society to alter the essential elements of social exclusion amongst older people, and it is in this context that we continue in our view that a proper debate about what social exclusion actually means for older people is long overdue. In this context, we note that only two of the government's Public Service Agreement targets relate to older people (as opposed to ten for children).

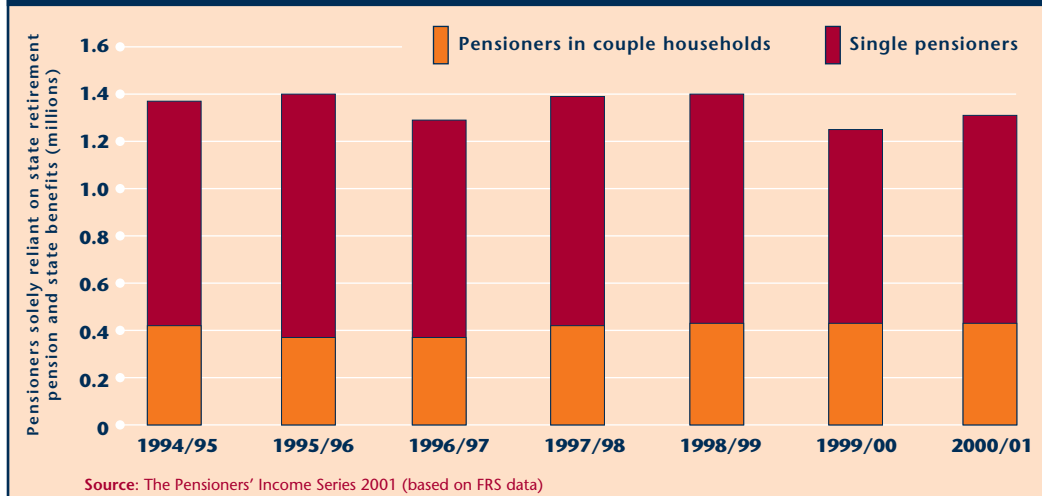
<b>Indicator 33: No private income</b>			
<b>Selected major initiatives under way</b>			
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>
Pensioners' Minimum Income Guarantee (MIG)	April 1999: introduced April 2000: uprated April 2001: uprated April 2002: uprated To be subsumed within Pension Credit in April 2003	DWP	Pension Service
			<i>Budget/target/comments</i> When introduced, set at £75 a week for single pensioners and £116.60 for pensioner couples, representing increases of around £4 and £7 respectively over the levels of Income Support that were previously available. Increased in April 2000 to £78.45 for single pensioners and £121.95 a week for pensioner couples. Increased in April 2001 to £92.15 and £140.55 respectively. Increased in April 2002 to £98.15 and £149.80 respectively. Available to anyone with savings of no more than £12,000. Take-up was estimated to be 64–78% – almost 1 1/2 million for 1999/2000 (most recent statistics available). In April 2002, the Government estimated that 2 million pensioners were benefiting, and announced the set up of the Pension Service (a network of 26 Pension Centres) to promote further take-up. Budget estimated at £3.8bn for 1999/2000, £4.1bn for 2000/01, and £4.4bn for 2002/03.
Second State Pension	April 2002: introduced	DWP	Pension Service
			An extension to SERPS that will double income provided by SERPS for those on incomes of less than £10,800. 18 million people are expected to benefit.
Winter Fuel Payments (part of Fuel Poverty Initiative)	1997/98: introduced 2000/01: uprated	DWP/Treasury	Benefits Agency
			Eligible households received £100 in 1999/2000 and £200 in 2000/01, 2001/02, and 2002/03. All pensioners in receipt of the State Retirement Pension or a social security benefit (excluding Child, Housing and Council Tax Benefits) are eligible. Total government spending was £1.76bn for 2000/01.
<b>Indicator 35: Excess winter deaths</b>			
<b>Selected major initiatives under way</b>			
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>
Warm Front Scheme	May 2000: introduced	ODPM	Local authorities, health bodies and voluntary groups
			<i>Budget/target/comments</i> Previously called the Home Energy Efficiency Scheme. Aims to improve heating and insulation of vulnerable households through grants of up to £2,000. Focused on the private sector. Estimated to help around 800,000 fuel-poor households by 2004. A budget of £600m for 2000/04.

UK Fuel Poverty Strategy	November 2001: launched	DTI/DEFRA	DTI, DEFRA and devolved administrations	Aims to improve energy efficiency and reduce the costs of fuel for fuel-poor households, with a target of ending fuel poverty in vulnerable households by 2010 in the UK. Other households will be addressed after progress is made on vulnerable households. No specific budget.
Winter Fuel Payments (part of Fuel Poverty Initiative)	1997/88: introduced 2000/01: uprated	DWP/Treasury	Benefits Agency	Eligible households received £100 in 1999/2000, £200 in 2000/01, 2001/02, and 2002/03. All pensioners in receipt of the State Retirement Pension or a social security benefit (excluding Child, Housing and Council Tax Benefits) are eligible. Total government spending was £1.76bn for 2000/01.
<b>Indicator 38: Help from social services to live at home</b>				
<b>Relevant Public Service Agreement targets</b>				
Public Service Agreement, Department of Health, Target 8				
Improve the quality of life and independence of older people so that they can live at home wherever possible, by increasing by March 2006 the number of those supported intensively to live at home to 30% of the total being supported by social services at home or in residential care.				
<b>Selected major initiatives under way</b>				
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>	<i>Budget/target/comments</i>
Better Services for Vulnerable People Initiative	October 1997 April 1999: Joint investment plans for older people April 2000: extended to all care groups	DH	Health authorities and local authorities jointly	£650m over 3 years for the prevention and rehabilitation services. Requires all local and health authorities to draw up Joint Investment Plans (JIPs) to co-ordinate development of services with the aims of ensuring necessary provision while minimising unnecessary admissions to hospitals and care centres.

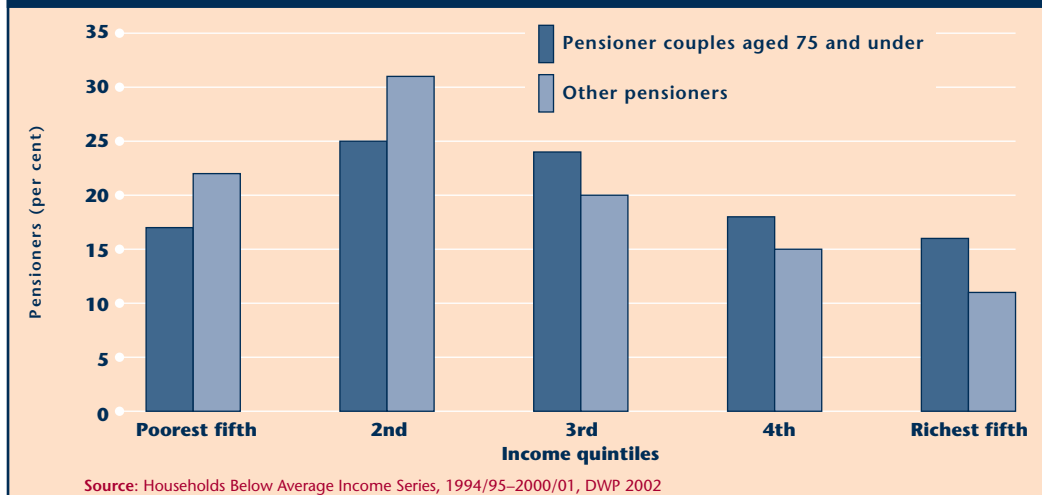
# No private income

Indicator  
33

**1.3 million pensioners (21 per cent of single pensioners and 8 per cent of pensioner couples) rely on the state retirement pension and state benefits alone.**



**Pensioner couples aged 75 and under are less heavily concentrated in the bottom half of the income distribution than other pensioners.**



The first graph shows the number of pensioner families (individuals in pensioner benefit units) with no income other than the state retirement pension and state benefits.

The data is from the Pensioners' Income Series and is based on the Family Resources Survey (FRS). Note that this graph omits those who have small amounts of occupational pension, a State Earnings Related Pension or some limited investment income, many of whom are badly off.

The second graph shows the distribution of pensioners across the income quintiles, split by pensioner type and age.

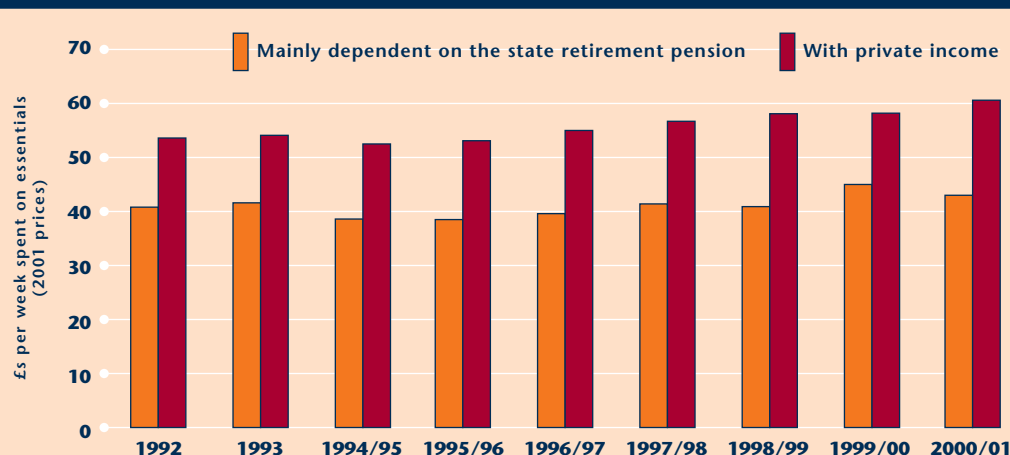
The data is from Households Below Average Income, based on the Family Resources Survey (FRS) and relates to Great Britain.

*Overall adequacy of the indicator: high. The FRS is a well-established government survey designed to be representative of the population as a whole. However, since it only covers people living in private households, and not residential institutions (such as nursing homes), it does leave out a significant group of older people.*

# Spending on 'essentials'

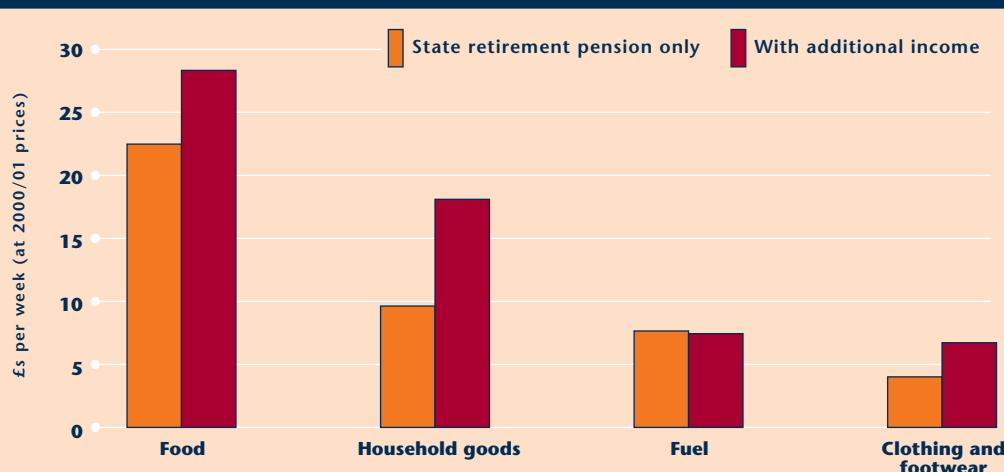
Indicator  
34

**Spending on essentials by pensioner households dependent on the state pension remained broadly unchanged throughout the 1990s.**



Source: Family Expenditure Survey 2000-01, ONS © Crown Copyright 2002, and Pensioner Retail Price Index, ONS 2002

**Pensioners dependent on the state pension spend less on food, household goods and clothing than better off pensioners, but the same amount on fuel.**



Source: Family Expenditure Survey 2000-01, ONS © Crown Copyright 2002

The first graph shows pensioners' weekly spending on 'essential' items of expenditure (besides housing) for pensioners mainly dependent on the state retirement pension and for pensioners with other sources of income. The categories of expenditure counted as 'essential' include food, fuel, clothing and footwear, and household goods. Note that some spending on other categories such as travel may also be essential though they have not been included. The figures are per person. In the case of pensioner couple households, this has meant dividing their expenditure in two and assuming that spending is equally divided across the household. The series are at 2001 prices and have been deflated using pensioner retail price indices separately for one-person and two-person pensioner households.

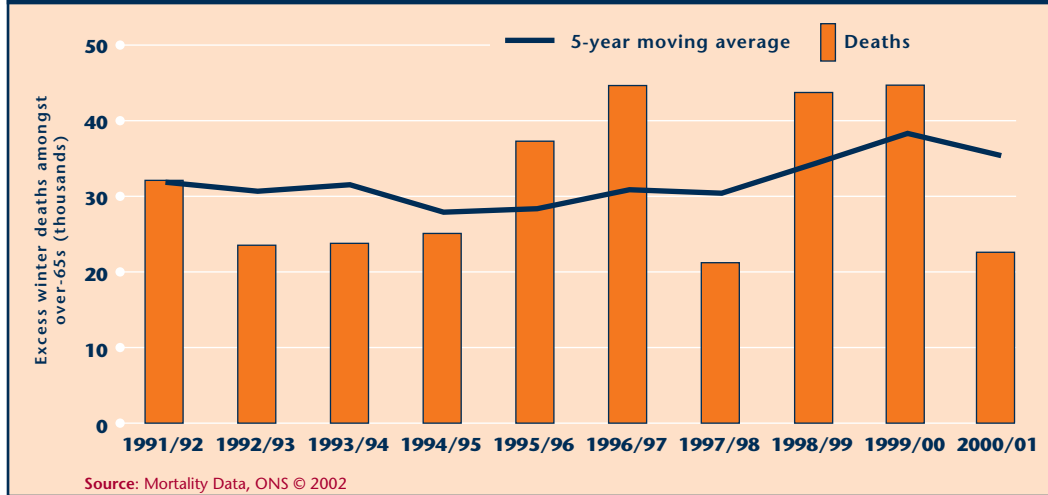
The second graph shows spending per head on various items in pensioner households split by those whose income comes from the state retirement pension only and those who have other sources of income on top. Data is at 2000/01 prices. The data is unweighted.

Overall adequacy of the indicator: **medium**. The Family Expenditure Survey is a well-established government survey, designed to be representative of the population as a whole. However, the spending categories chosen do not necessarily cover all essential spending, and include some items which might be considered non-essential. The data shown is therefore a proxy for spending on essentials by pensioner households.

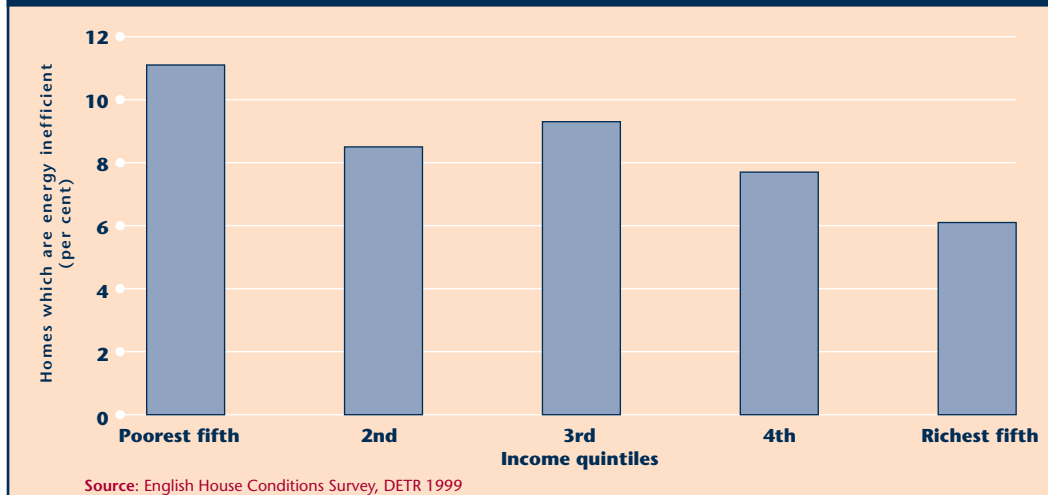
# Excess winter deaths

Indicator  
35

**Each year, 20,000 to 45,000 more people aged 65 or over die in winter months than in other months.**



**The poorest pensioners are almost twice as likely to be in energy inefficient housing as the best off pensioners.**



The first graph shows excess winter deaths each year in the '65 and above' age group, where 'excess winter deaths' is defined as the difference between the number of deaths which occurred in winter (December to March) and the average number of deaths during the preceding four months (August to November) and the subsequent four months (April to July). The graph also shows a five-year moving average, which is less affected by year-by-year fluctuations due to particularly cold and warm winters. The data is for England and Wales. Note that data for 2000/01 is provisional.

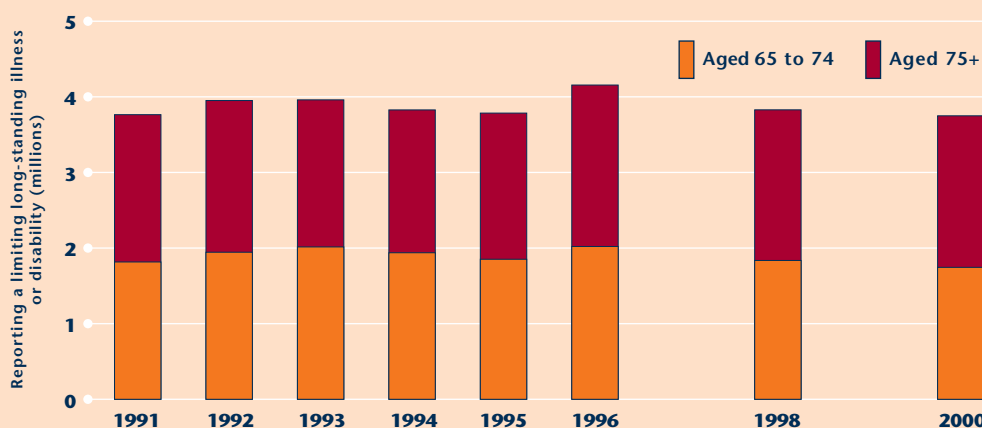
The second graph shows the percentage of pensioner households in each quintile (fifth) of the pensioner income distribution that live in an energy inefficient home. The energy efficiency of a household is measured by looking at the cost of heating per unit of floor space. The energy ratings given to households are a measure of the annual unit cost of heating the dwelling to a standard regime.

Overall adequacy of the indicator: **medium**. Whilst the data sources used here are reliable ones, there is no data providing evidence of a direct causal relationship between winter deaths and energy inefficient housing.

# Limiting long-standing illness or disability

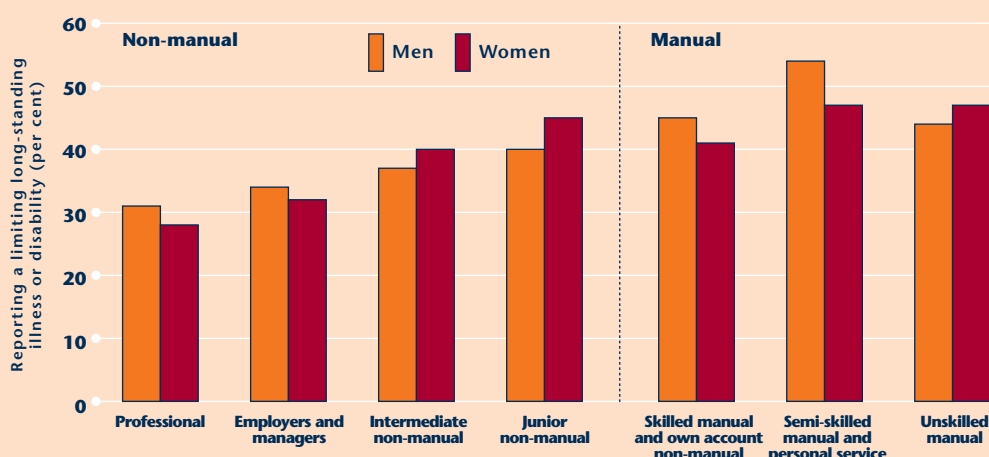
Indicator  
36

**Around 4 million adults aged 65 and over (a quarter of the age group) report a long-standing sickness or disability.**



Source: General Household Survey 2000/01, ONS, © Crown Copyright 2001

**Those aged 65 and over who had manual jobs are more likely to suffer a long-standing illness or disability than those with professional or managerial work histories.**



Source: General Household Survey 2000/01, ONS, © Crown Copyright 2001

The first graph shows the number of older people aged 65 and over who report having a long-term illness or a disability that limits the activities they are able to carry out. The question asked was "Do you have any long-standing illness, disability or infirmity? Long-standing is anything that has troubled you over a period of time or that is likely to affect you over a period of time. Does this illness or disability limit your activities in any way?"

Note that the data for 1997 and 1999 is missing because the GHS was not carried out in those years. Also note that the data for 2000 is weighted, but for all previous years it is unweighted. Unweighted data is no longer published by the GHS.

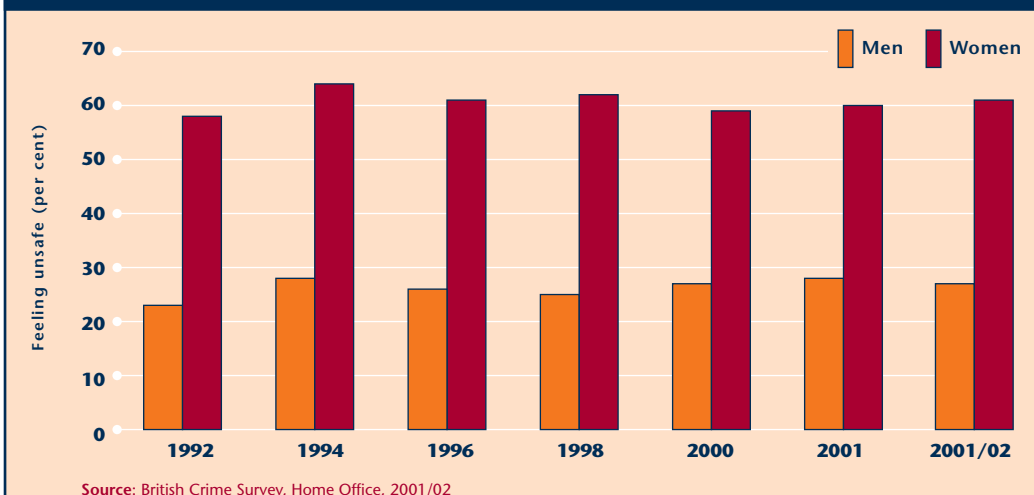
The second graph shows how levels of self-reported ill health and disability vary between occupational groups amongst men aged 65 and over. The data is for 2000 and relates to Great Britain.

Overall adequacy of the indicator: **medium**. While the General Household Survey is a well-established government survey designed to be representative of the population as a whole, the inevitable variation in what respondents understand and interpret as 'long-standing' and 'limiting activity' diminishes the value of the indicator. Furthermore, for women, the social-class classifications are not particularly sensitive to their real socio-economic circumstances.

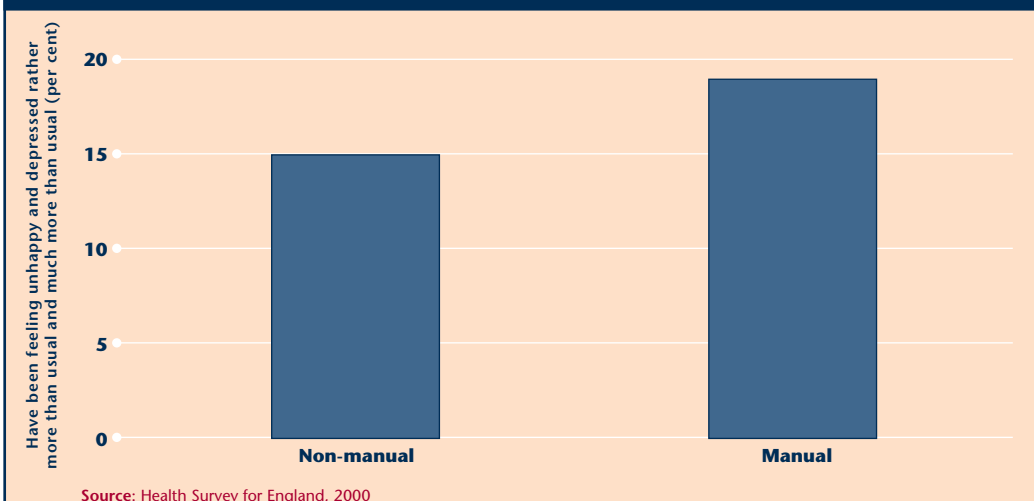
# Anxiety

Indicator  
37

## Women aged 60 or over are twice as likely to feel unsafe out at night as men.



## People aged 60 and over from manual backgrounds are more likely to feel unhappy and depressed than those from non-manual backgrounds.



The first graph shows the proportion of men and women aged 60 and over according to whether they feel safe or not walking alone in their area after dark. Those counted as feeling unsafe are those who replied that they felt 'a bit unsafe' or 'very unsafe'. The data is based on the British Crime Survey and relates to England and Wales.

Note that British Crime Survey results from 1996 onwards have been re-calibrated using a revised methodology for weighting the data for non-response. Data since 1996 and prior to 1996 is therefore not directly comparable.

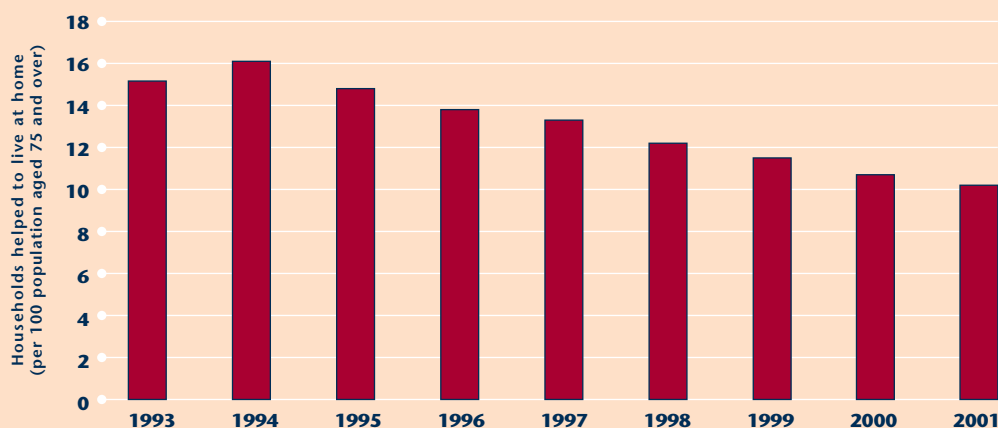
The second graph shows how people aged 60 and over differ in their reported levels of unhappiness and depression according to their occupational background – split by manual and non-manual.

Overall adequacy of the indicator: **medium**. The British Crime Survey is a well established annual government survey and the fact that the proportions feeling unsafe have changed little over successive surveys suggests a degree of robustness to this result. However, it is unclear to what extent these feelings reflect anxiety more generally or simply with respect to walking at night.

# Help from social services to live at home

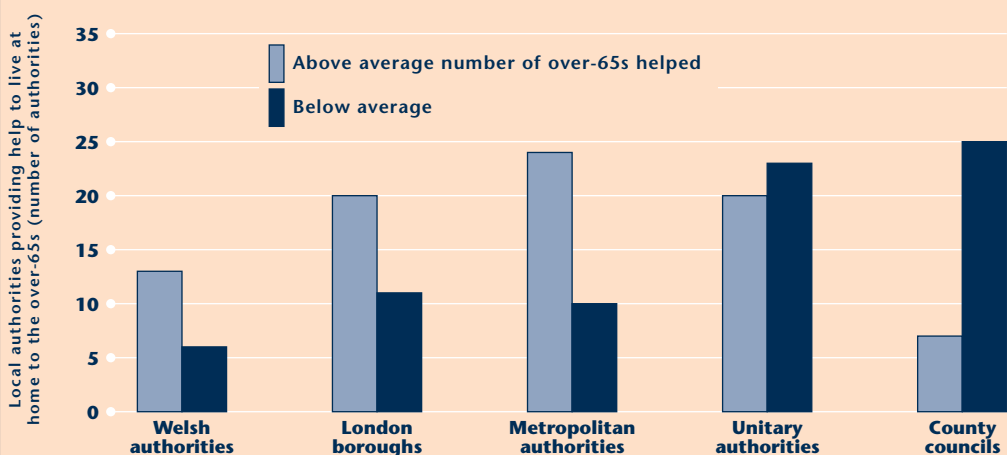
Indicator  
38

The proportion of elderly households helped to live at home by social services has fallen by a third since 1994.



Source: Department of Health return HH1 and ONS population estimates

County councils support fewer pensioners to live independently at home than urban or Welsh authorities.



Source: Audit Commission Performance Indicators for England and Wales 2000/01 and ONS population estimates

The first graph shows the proportion of households aged 75 and over receiving home help/care from their local authority. The statistics are collected by the Department of Health from all local authority social services departments in England. 'Being helped to live at home' includes provision of the following services: traditional home help services, including home help provided by volunteers; practical services which assist the client to function as independently as possible and/or continue to live in their own homes (for example routine household tasks within or outside the home); personal care of the client; shopping; respite care in support of the client's regular carers; overnight, live-in and 24-hour services. The data relates to England.

Note that data is collected in a sample week in September of the year stated and divided by the numbers of hundreds in the population at 30 June in the same year. The figures for 2001 are likely to change as June 2000 population estimates have been used to calculate the indicator.

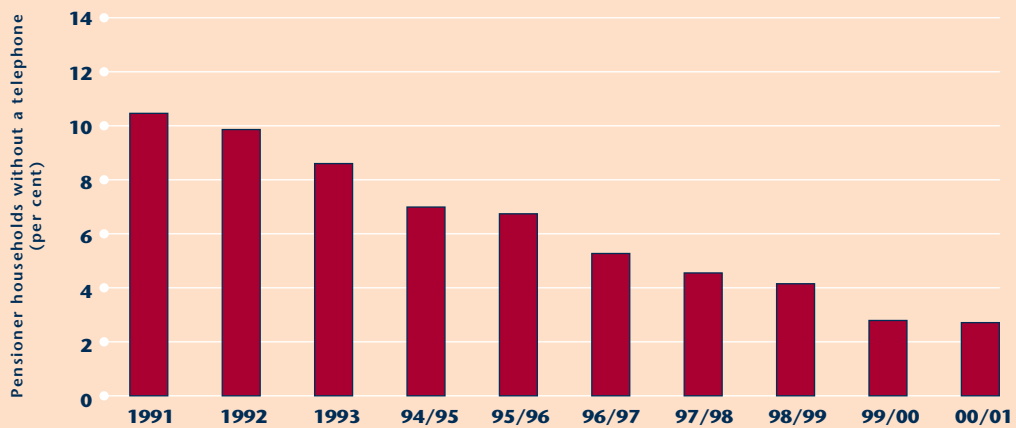
The second graph, which relates to those over 65, counts local authorities in England and Wales according to whether they help an above- or a below-average number to live at home, with the results shown by five types of authority. A small number of authorities have been omitted where the advice was that the data was unreliable. The data is for 2000/01.

Overall adequacy of the indicator: **medium**. The underlying data has been collected for a number of years and can be considered reliable. However, comparisons between local authorities have to be qualified by the fact that statistics ought ideally to be measured in relation to need and levels of support from friends and relatives.

# Without a telephone

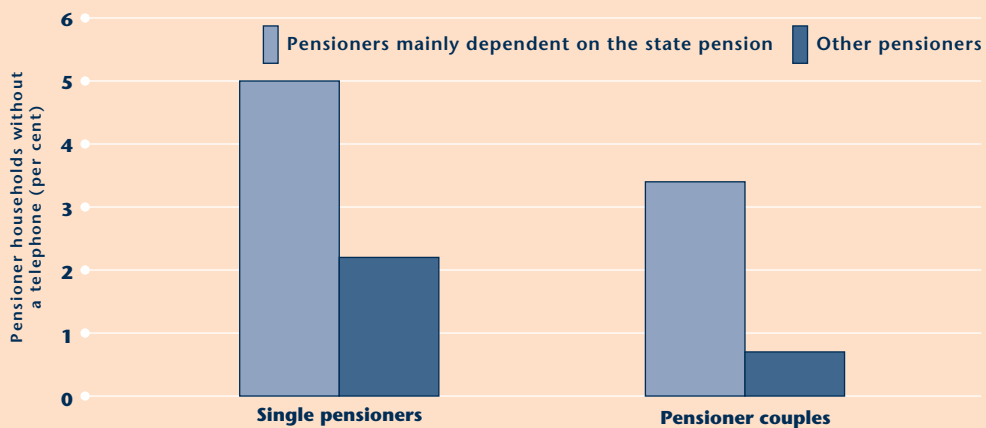
Indicator  
39

**The number of pensioner households without a telephone continues to fall, and is now a quarter of what it was ten years ago.**



Source: Family Expenditure Survey 2000-01, ONS, © Crown Copyright 2002

**Pensioners who are mainly dependent on state pensions are much more likely to be without a telephone than other pensioners.**



Source: Office for National Statistics, © Crown Copyright 2002

The first graph shows the number of pensioner households without a telephone. Pensioner households are all those where the head of household is retired: all male heads of household are 65 years of age or more; all female heads of household are 60 years of age or more.

The second graph shows how the lack of access to a telephone varies according to income. A retired household mainly dependent upon state pensions is one in which at least three-quarters of total household income is derived from national insurance retirement pension and similar pensions, and from housing and other benefits paid in supplement to or instead of the retirement pension. 'Other households' are those where more than a quarter of the household's income derives from occupational retirement pensions and/or income from investments, annuities, etc. The data is for 2000/01 and relates to the United Kingdom.

Overall adequacy of the indicator: *high*. The Family Expenditure Survey is a well-established government survey, designed to be representative of the population as a whole.

# 6 Communities

## Why the indicators were chosen

The indicators in this chapter cover the physical and social environment in which people live, reflecting the fact that neither poverty nor social exclusion depend upon an individual's personal resources alone.

One sense in which 'community' is used here is spatial, pertaining to the local area. A second sense is that of a network of personal contacts, from family and friends, to colleagues and fellow citizens.

### *Social cohesion*

People's local communities can provide both opportunities for being helped and the chance to help.<sup>1</sup> The first indicator is the '**proportion of individuals who are not involved in any civic organisation**'. These range from political parties, trade unions and tenants groups to social groups and sports clubs. The indicator shows how involvement varies across the income distribution.

The second indicator, the '**proportion of households in social housing where the head of household is not in work**', reflects the polarisation that has taken place between areas of housing with large numbers of workless households and areas with a high proportion of two-earner households.

Gaining access is in many ways the opposite of being excluded, and the ability to travel is a crucial aspect of access. The indicator of access to transport is the '**level of expenditure on travel**', which varies markedly across the income distribution.

Finally, it is becoming increasingly important for people to have the benefits of modern financial services, which create access to a range of other benefits and conveniences. The indicator here is the '**proportion of households that have neither a bank nor building society account**'.

### *Crime and its costs*

Crime is the most commonly reported problem in people's neighbourhoods. In addition to the risk of crime being greater in certain types of area, some individuals and households are especially vulnerable to it.

The first indicator shows the '**total number of burglaries**' and the greater vulnerability of particular groups to that crime.

The second indicator is the '**proportion of households without household insurance**', showing the variation across income distribution in this proportion.

The last crime indicator shows the '**proportion of individuals expressing dissatisfaction with their neighbourhood**', plus how fear of crime varies across different population groups.

### *Housing*

The indicators in this section cover housing from a number perspectives: living conditions, availability of amenities and modernisation of housing, pressure on housing stock, and insecurity of house occupation.

The physical conditions in which people live affect their health, relations between household members, and the development of children. The first indicator is the '**proportion of households that do not have central heating**'.

Overcrowding almost invariably occurs in households with large numbers of children. It is associated with a higher rate of child accidents,<sup>2</sup> it encourages infection,<sup>3</sup> and the resulting lack of privacy can be a considerable cause of mental stress.<sup>4</sup> The second indicator is the **'proportion of households that are overcrowded'**.

Local authorities have a responsibility to provide accommodation for those accepted as homeless, who are given at least some form of temporary accommodation. The third housing indicator is the **'number of households living in temporary accommodation provided by a local authority'**.

Finally, mortgage debts continue to represent a problem for many people, with powerful detrimental effects on standards of living and on stress. The fourth indicator is the **'number of households over 12 months in arrears with their mortgage'**.

## What the indicators show

### *Significant change in housing, mostly favourable...*

Less than 15 per cent of poorer families now lack central heating, down from 25 per cent in 1994/95. The scale of progress is illustrated by the fact that a greater proportion of poorer families now have central heating than did the population as a whole in 1994/95.

Together with insulation, central heating is viewed by the government as one of the main ways of reducing fuel usage in the home, and both the Home Energy Efficiency Scheme and the National Fuel Poverty Strategy aim to encourage such developments. The government has a specific Public Service Agreement target on this issue – namely to reduce fuel poverty among vulnerable households by improving the energy efficiency of 600,000 homes between 2001 and 2004, where 'fuel poverty' is defined as those households who spend more than 10 per cent of their disposable income on fuel. Using this definition, there are currently around 4 million households suffering from fuel poverty.<sup>5</sup>

The number of **mortgage holders in serious arrears** continues to fall and is now lower than at any time in the last decade. The number is, however, still double that of the late 1980s, illustrating the potential for further reductions.

Notwithstanding an apparent rise in the latest statistics (2000), the proportion of households that are **overcrowded** is still down by a third compared with a decade ago. Overcrowding is, however, almost three times as prevalent in the social rented sector as for those with mortgages, and this ratio has not reduced over the decade.<sup>6</sup>

### *...but very adverse in the area of temporary accommodation*

The number of households in temporary accommodation continues to rise and has now doubled over the last five years, from 45,000 in 1997 to 85,000 in 2002. Temporary accommodation is used when a local authority accepts a family as homeless, but has no social housing available for them. More than half of the households accepted by local authorities as homeless have dependent children.

There are a number of government initiatives in train to improve the quality and quantity of the housing stock, including reforms to the Housing Investment Programme and the initiative to release money from council house sales. Providing permanent housing for the 85,000 households currently in temporary accommodation would require an increase of less than 2 per cent in the stock of the 5 million homes in the social rented sector.

Where progress has been made is on the narrower subject of rough sleepers, who are the subjects of a specific government target and where the numbers have reduced by two-thirds since 1998.<sup>7</sup>

***Continuing progress on crime...***

The number of burglaries continues to decline, down to almost half of its peak in 1993 and lower than at any time in the previous 15 years. Lone parents and households headed by young people (aged 16 to 24) are three times more likely to be burgled than the average.

The government has a specific Public Service Agreement target on this issue, namely to reduce domestic burglary by 25 per cent from 1998/99 to 2005.

***...but no reduction in financial exclusion...***

In 2000/01, one in five of the poorest households did not have any type of **bank or building society account**, the same as in 1994/95. This compares with one in twenty households on average incomes. This lack of change is despite government initiatives to encourage the development of bank accounts for people who are not comfortable with the products currently on the market.<sup>8</sup> It is also despite the fact that the lack of a bank account leads to both cost and difficulty: people paying for their electricity and gas using pre-payment meters pay up to 20 per cent more,<sup>9</sup> employers want to pay their employees by bank transfer, and cheques can no longer be easily and cheaply cashed except into a bank account.

Half of all low income households still lack household insurance, the same as five years ago.<sup>10</sup> This compares with a fifth of households on average income who lack such insurance. The seriousness of this situation is illustrated by the fact that households with no household insurance are around three times as likely to be burgled as those with insurance, and the impact is obviously particularly serious for those on low incomes who, by definition, are less able to replace stolen goods themselves. It is made worse by the likelihood that insurance in areas with high levels of crime costs much more than in other areas.

***...or in access to work by those in social housing***

Two-thirds of heads of households in social housing do not have paid work, the same as a decade ago. This compares with one-third of those in other tenures. This lack of paid work is reflected in the relatively low incomes of social housing tenants, with two-thirds living on a weekly income of less than £200, compared with a quarter of those living in other tenures.

Reflecting these differences, people in low income households are twice as likely to report that their quality of life is significantly affected by fear of crime than the average, and one and a half times as likely to feel very dissatisfied with the area in which they live.

The government has established a whole range of area-based initiatives aimed at regenerating selected geographic areas and lessening the differences between these areas and the rest of the country. These include the Single Regeneration Budget, the Employment Zones, the New Deal for Communities initiative and the National Strategy for Neighbourhood Renewal. Most of these initiatives are still relatively recent and it remains to be seen how successful they will be in reducing the disparities.

Finally, 10 million people not in paid employment or full-time education do not participate in any social, political, cultural or community organisations, unchanged since a decade ago.

<b>Indicator 40: Non-participation in civic organisations</b>				
<b>Relevant Public Service Agreement targets</b>				
Public Service Agreement, Home Office Target 8	Increase voluntary and community sector activity, including increasing community participation, by 5% by 2006			
<b>Indicator 41: Polarisation of work</b>				
<b>Selected major initiatives under way</b>				
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>	<i>Budget/target/comments</i>
Single Regeneration Budget	1994: introduced 1999: round 5 2000: round 6 2001: announcement that there will be no further rounds	ODPM; interdepartmental	Regional Development Agencies (RDAs)	The original objectives were to improve employment prospects, address social exclusion, promote sustainable regeneration, protect the environment and infrastructure, and support and promote economic growth. From March 2001, RDAs had more flexibility in the development of their strategies within 11 overall targets (which include a reduction of 10% in the deprivation of those wards that are currently in the bottom 20% of the regions identified by the Indices of Multiple Deprivation). Under SRB rounds 1–6, 900 schemes have been approved worth £5.5bn in SRB support over their lifetime of up to 7 years. RDA funding was boosted by 40% in July 2000 and was £1.2bn in 2000/01. It will rise to £1.7bn in 2003/04.
Employment Zones	February 1998: round 1 April 2000: round 2 March 2002: announced extension to March 2004	DFES (DWP also involved)	Partnership of public, voluntary and private sector organisations	Each Zone is situated in an area of high unemployment and aims to get 15–20% improvement in moving selected groups into work. There are 15 zones in total. So far, an average of 40% of those starting on the scheme move to full-time employment. A budget of £250m for 1998/03.
New Deal for Communities	1998: first round of 17 areas announced 1999: 22 new areas invited to bid for funding 2000: implementation begins in the first round areas 2001: announced there will be no further rounds	ODPM leads a cross-Whitehall initiative	Partnerships of local people, business, community and voluntary organisations and local authorities. RDAs also involved.	An initiative to tackle deprivation in selected areas. Aims to reduce poor job prospects, high levels of crime, educational underachievement, and poor health in 39 of the poorest neighbourhoods. Within this, there are a variety of targets including a reduction by a third between 2001 and 2004 in the number of households living in social housing that does not meet defined standards. Each initiative focuses on a small geographic area of up to 4,000 households, with a ten-year time-frame, funding of £20–50m, and some local flexibility in how the money is spent.

<p>England only, with the devolved administrations having their own programmes. A budget of £800 million over 1999/02, with a ten-year commitment to £2bn.</p>		<p>England only, with the devolved administrations having their own programmes. A budget of £800 million over 1999/02, with a ten-year commitment to £2bn.</p>	
<p>Two overall aims: 1. To bridge the gap between the most deprived neighbourhoods and the rest of England. 2. In the worst neighbourhoods to achieve lower long-term worklessness, less crime, better health and better educational qualifications. Within this, there are a variety of targets including:</p>	<p>Lead government department varies by subject area</p>	<p>NRU leads a cross-Whitehall initiative</p>	<p>2001: strategy published 2001: Neighbourhood Renewal Unit (NRU) established</p>
<p>1. No district to have a burglary rate more than three times the national average. 2. No LEA to have fewer than the 38% of pupils getting 5 GCSEs at A* to C and no school fewer than 25% of pupils getting five GCSEs A* to C by 2004. 3. To raise employment rates in the 30 local authority districts with the poorest initial labour market position, to narrow the gap between these areas and overall rates. 4. To reduce by 33% the number of households living in non-decent social housing by 2004, with the most improvement going to the most deprived areas. 5. To narrow health inequalities between social and economic groups and between the most deprived areas and the rest of the country.</p>			
<p>Budget: funds are divided between various components. £900m to Neighbourhood Renewal Fund 2001/04 (for the 88 most deprived wards), £45m for Neighbourhood Management, and £50m for Community Chest.</p>			
<p><b>Indicator 43: Without a bank account</b></p>			
<p><b>Selected major initiatives under way</b></p>			
<p>Policy</p>	<p>Start date</p>	<p>Key department</p>	<p>Key delivery agency</p>
<p>Basic bank accounts</p>	<p>October 2000: all banks to have such accounts</p>	<p>Treasury</p>	<p>Banks and building societies</p>
<p>Universal Banking Services (UBS)</p>	<p>2001: announced</p>	<p>DTI</p>	<p>The Post Office and individual post offices</p>
<p><i>Budget/target/comments</i></p>			
<p>Most banks now provide basic bank accounts (no overdraft facilities, but direct debit and cash card available).</p>			
<p>A joint initiative between the government and the Post Office to provide access to basic bank accounts at post offices. Will allow pensioners and benefit recipients to receive money over the counter in cash when the automated credit transfer is introduced in April 2003. Funding arrangements are not currently public. Estimated set-up cost: £20m. Major banks are expected to contribute up to £180m to the cost of running the Post Office accounts.</p>			

**Indicator 44: Burglaries**

**Relevant Public Service Agreement targets**

Public Service Agreement, Home Office Target 1

Reduce crime and the fear of crime; improve performance overall, including by reducing the gap between the highest crime Crime and Disorder Reduction Partnership areas and the best comparable areas; and reduce:

- vehicle crime by 30% from 1998/99 to 2004;
- domestic burglary by 25% from 1998/99 to 2005;
- robbery in the ten Street Crime Initiative areas by 14% from 1999/00 to 2005; and maintain that level.

**Selected major initiatives under way**

Policy	Start date	Key department	Key delivery agency	Budget/target/comments
Crime reduction programme	April 1999: initiated Individual projects have varying start dates	Home Office	Police, and prison service	An umbrella scheme covering 15 separate projects aimed at the Government's general crime reduction targets. A particular target is to reduce domestic burglary by 25% from a 1998/99 baseline, with no local authority area having a rate more than three times the national average by 2005. A budget of £250m for 2000/03, with a further £153m for the CCTV initiative.
Reducing Burglary Initiative	April 1999: round 1 October 1999: round 2 April 2000: round 3	Home Office	Local partnerships	Aims to reduce burglary nationally by targeting areas with the worst domestic burglary problems. Round 1 and 2 applicants needed to have a level of burglaries twice the national average, and schemes were limited to duration of one year. Round 3 applicants needed levels of burglaries 1 1/2 times the national average and are of unlimited duration. Between 1999 and 2002, an estimated 2 million homes were covered, preventing an estimated 15,000 burglaries per year. A budget of £25m over three years.

**Indicator 47: Without central heating**

**Relevant Public Service Agreement targets**

Public Service Agreement, DEFRA Target 6

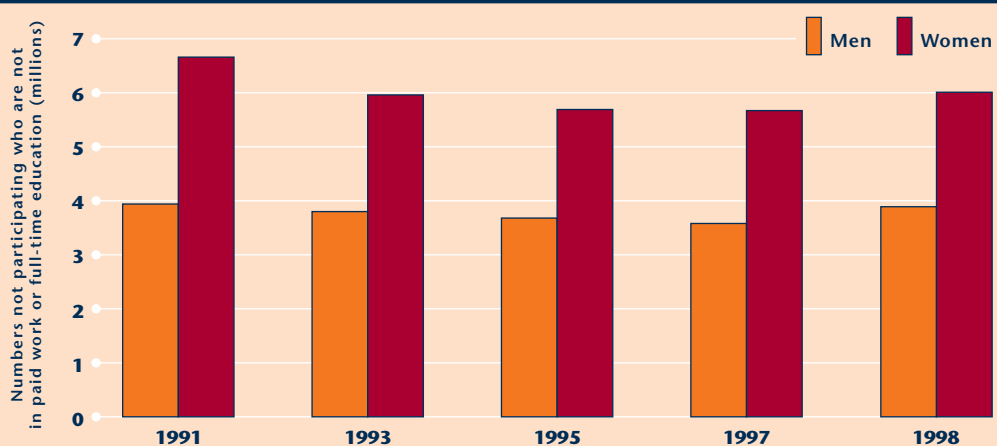
Reduce fuel poverty among vulnerable households by improving the energy efficiency of 600,000 homes between 2001 and 2004.

<b>Selected major initiatives under way</b>				
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>	<i>Budget/target/comments</i>
Warm Front Scheme	May 2000: introduced	ODPM	Local authorities, health bodies and voluntary groups	Previously called the Home Energy Efficiency Scheme. Aims to improve heating and insulation of vulnerable households through grants of up to £2000. Focused on the private sector. Estimated to help around 800,000 fuel-poor households by 2004. A budget of £600m for 2000/04.
UK Fuel Poverty Strategy	November 2001: launched	DTI/DEFRA	DTI, DEFRA and devolved administrations	Aims to improve energy efficiency and reduce the costs of fuel for fuel-poor households, with a target of ending fuel poverty in vulnerable households by 2010 in the UK. Other households will be addressed after progress is made on vulnerable households. No specific budget.
<b>Indicator 48: Overcrowding</b>				
<b>Relevant Public Service Agreement targets</b>				
Public Service Agreement, Office Of The Deputy Prime Minister, Target 6				By 2010, bring all social housing into decent condition with most of this improvement taking place in deprived areas, and increase the proportion of private housing in decent condition occupied by vulnerable groups.
<b>Selected major initiatives under way</b>				
<i>Policy</i>	<i>Start date</i>	<i>Key department</i>	<i>Key delivery agency</i>	<i>Budget/target/comments</i>
Housing Investment Programme (HIP) reforms	Gradual	ODPM	Local authorities	A variety of targets including: 1. By March 2002, to reduce the backlog of council house repairs by at least 250,000, with more than 1 1/2 million council houses benefiting from the new investment by March 2002. 2. To reduce the number of people sleeping rough by two-thirds from current levels by 2002 (achieved). An overall budgetary allocation of £2.65bn in 2001/02 (HIP = £0.98bn, MRA = £1.67bn) and £2.55bn in 2002/03. As from 2002/03, HIP became part of the Single Capital Pot process, whereby the bulk of capital resources are allocated to local authorities through a cross service Basic Credit Approval. However, the mechanics of the HIP process have remained largely unaffected.
The capital receipts initiative to release council house sale monies	1997	ODPM	Local authorities	Aims include the tackling of poor housing and poor health in run-down estates. A budget of £1.3bn over the three years to 1999/2000.

# Non-participation in civic organisations

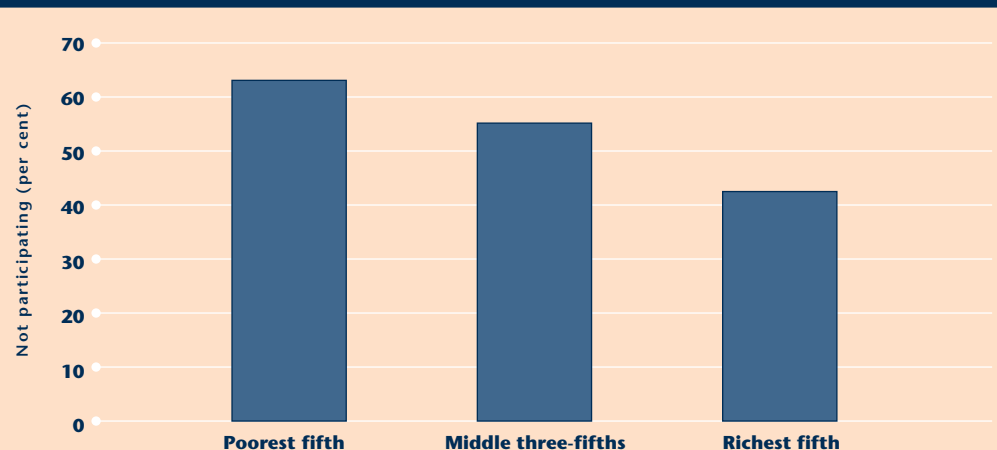
Indicator  
40

**Ten million adults who are not in paid work or full-time education do not participate in any social, political, cultural or community organisations.**



Source: British Household Panel Survey, Waves 1,3,5,7 and 9. Analysis by John Rigg and Stephen Jenkins, Institute for Social and Economic Research, University of Essex

**The poorest are less likely to participate in social, political or community organisations than those who are better off.**



Source: British Household Panel Survey, Waves 1,3,5,7 and 9. Analysis by John Rigg and Stephen Jenkins, Institute for Social and Economic Research, University of Essex

The first graph shows the number of individuals over the age of 16 who are not in work and who report themselves as being active in none of a range of social and other organisations.

The second graph shows the percentages of all those over 16 not active in any of these organisations, with results shown separately for those in the lowest, highest and middle three-fifths of the income distribution.

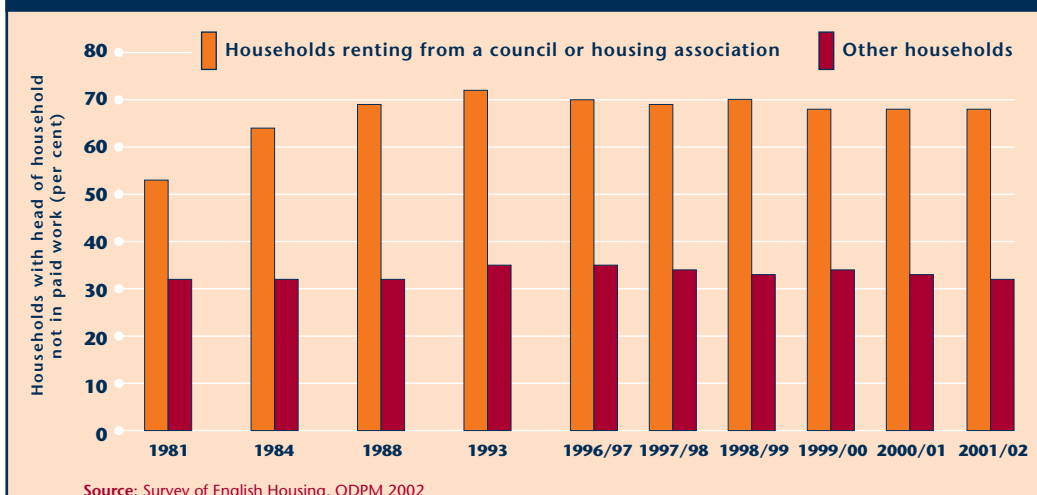
The social and other organisations are: trade unions and professional associations, parents' associations, pensioner groups, community and tenant groups, women's groups, religious groups, sports and social groups, and political parties. Income is net household income (note: gross income was used last year), equalised for household membership. The data comes from the British Household Panel Survey and the results relate to Great Britain.

Overall adequacy of the indicator: **medium**. The British Household Panel Survey is a smaller survey than the Family Resources Survey. Coupled with concern over the gradual fall in the number of respondents, it is felt that less weight can be placed on results from this source.

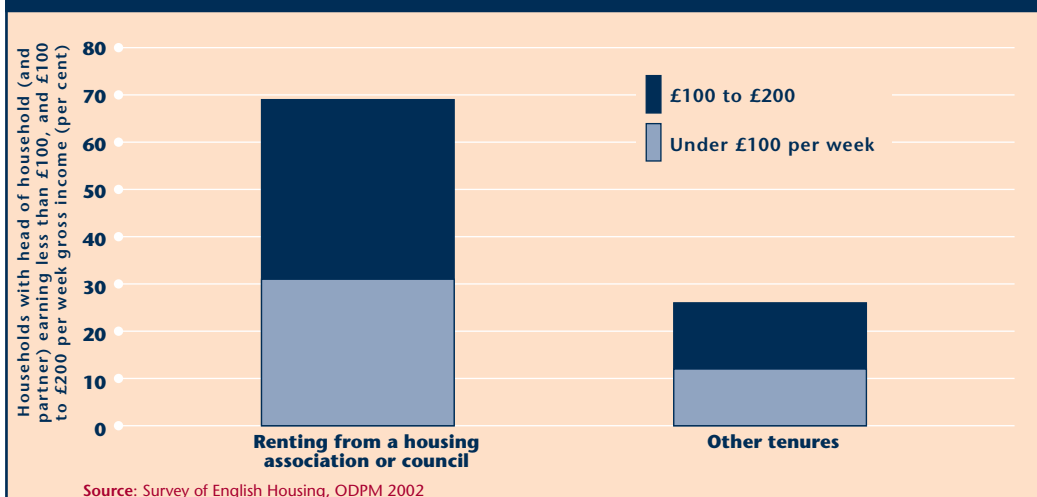
# Polarisation of work

Indicator  
41

**In two-thirds of households in social housing, the head of household is not in paid work. This has been the case throughout the last decade.**



**Two-thirds of households in social housing have a gross weekly income of less than £200, compared with a quarter of households in other tenures.**



The first graph shows the percentage of households by tenure group where the head of household (and partner, if any) is in neither full nor part-time work. Two figures are given for each year: the percentage of households in the social rented sector where the head is not in full or part-time work; and the percentage for all other tenures.

For the latest year (2001/02) for the same two tenure groups, the second graph shows the percentage of households where the gross weekly income of the head of household and their partner is less than £100, plus the percentage where the gross household income lies between £100 and £200.

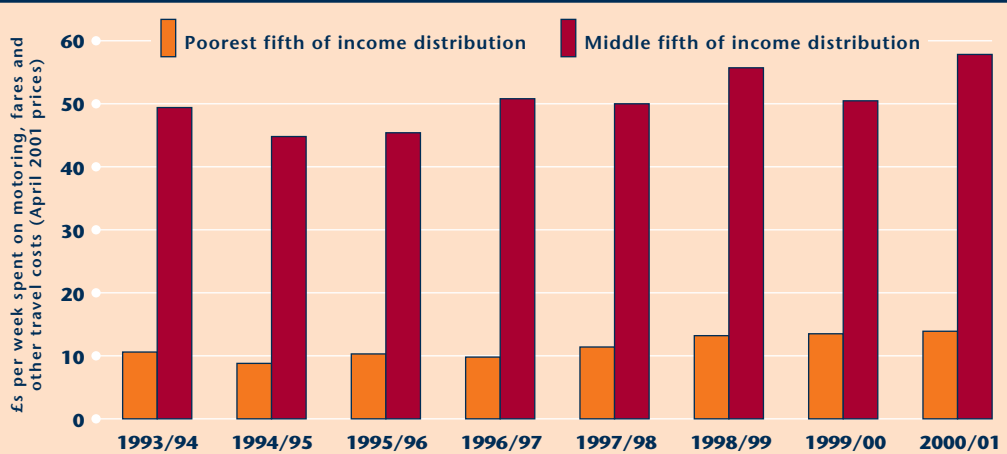
The graphs relate to England only and the data source is the Survey of English Housing.

Overall adequacy of the indicator: **high**. The Survey of English Housing is a well established annual government survey, designed to be nationally representative.

# Spending on travel

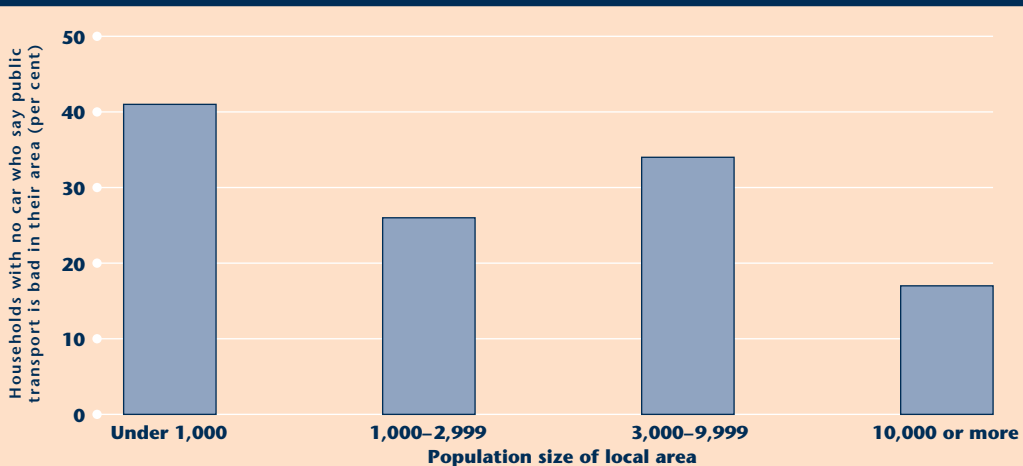
Indicator  
42

**Households on low incomes spend a quarter as much on travel as those on average incomes.**



Source: Family Expenditure Survey 2000-01, ONS © Crown Copyright 2002

**People without a car living in small settlements are more likely to say that their public transport is bad than those living in major towns.**



Source: Survey of English Housing 2000/01, ODPM 2002

The first graph shows weekly household spending on travel (motoring, fares and other travel costs) with separate figures for households in the poorest fifth of the income distribution and for households on average (middle fifth of the income distribution). Two categories of spending are included: 'motoring' and 'fares and other travel costs'. Income is gross weekly household income. The data is from the Family Expenditure Survey and relates to the United Kingdom.

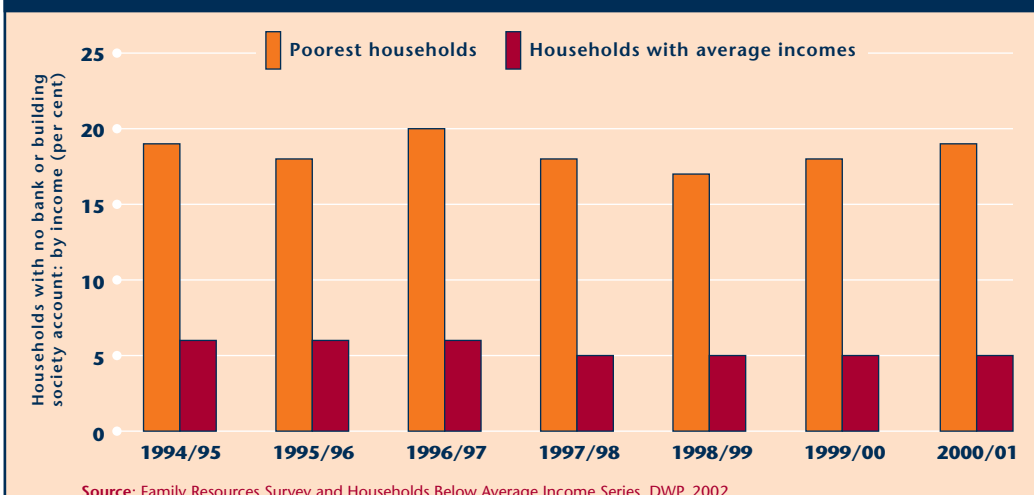
The second graph shows the percentage of households who do not have access to a car, who said public transport was bad in their area. These answers were obtained from a special question asked in the Survey of English Housing in 2000/01. The results are for England only.

Overall adequacy of the indicator: **high**. The Family Expenditure Survey and the Survey of English Housing are both well-established annual government surveys, designed to be nationally representative.

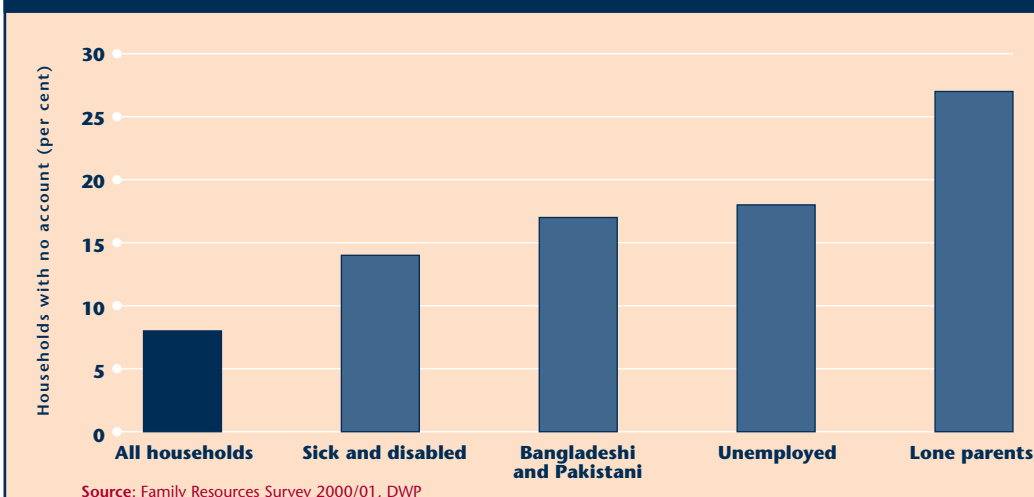
# Without a bank or building society account

Indicator  
43

**A fifth of the poorest households still do not have any type of bank/building society account. This is four times the rate compared with households on average incomes.**



**Lone parents are three times as likely to have no account as the average household. Bangladeshi and Pakistani households are twice as likely, as are households whose head is unemployed.**



The first graph shows the percentage of households without a bank, building society or any other kind of account. The data is split to show households in the lowest and the middle income quintiles separately. Income is household disposable income, equalised to take account of household composition, and is measured before housing costs.

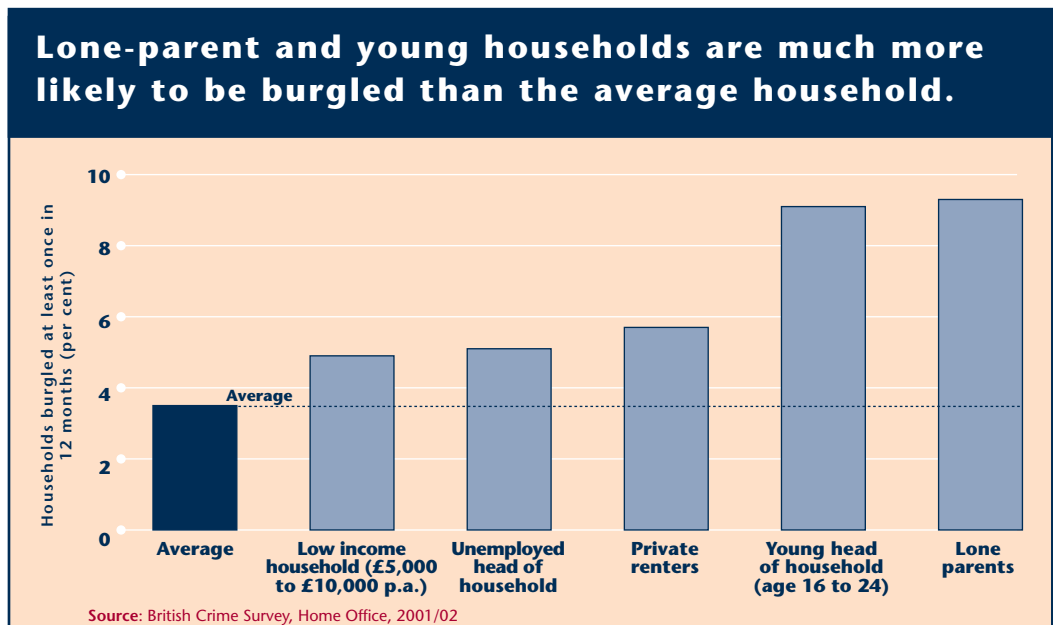
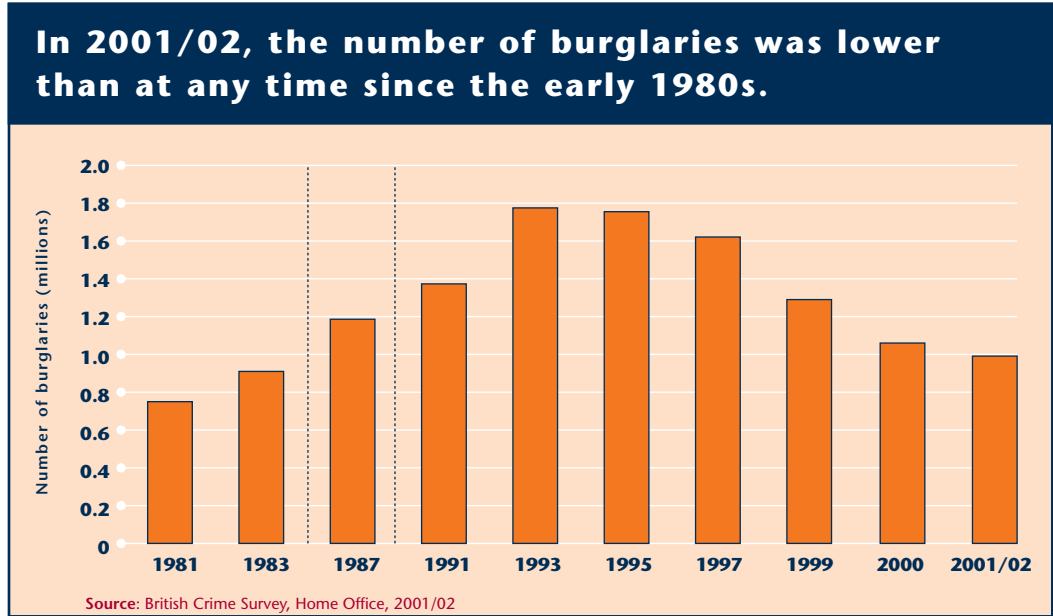
The second graph shows the percentages of different households in the population without any kind of account in 2000/01. A figure for all households is provided for comparison.

As well as bank, building society and post office accounts, the figures also count any stocks and shares, premium bonds, gilts and Save As You Earn arrangements. The results relate to Great Britain.

Note that care should be taken with the data, with year on year fluctuations for particular groups potentially due to small sample sizes.

Overall adequacy of the indicator: **medium**. The Family Resources Survey is probably the most representative of the surveys that gather information on the extent to which people have bank and other types of account. The qualification is that it is not clear to what extent access to any kind of account is a proper measure of how far people have the banking services they need.

# Burglaries



The first graph shows the number of burglaries committed in Britain in each year shown, according to the British Crime Survey. Note that British Crime Survey results from 1996 onwards have been re-calibrated using a revised methodology for weighting the data for non-response. Data since 1996 and prior to 1996 is therefore not directly comparable.

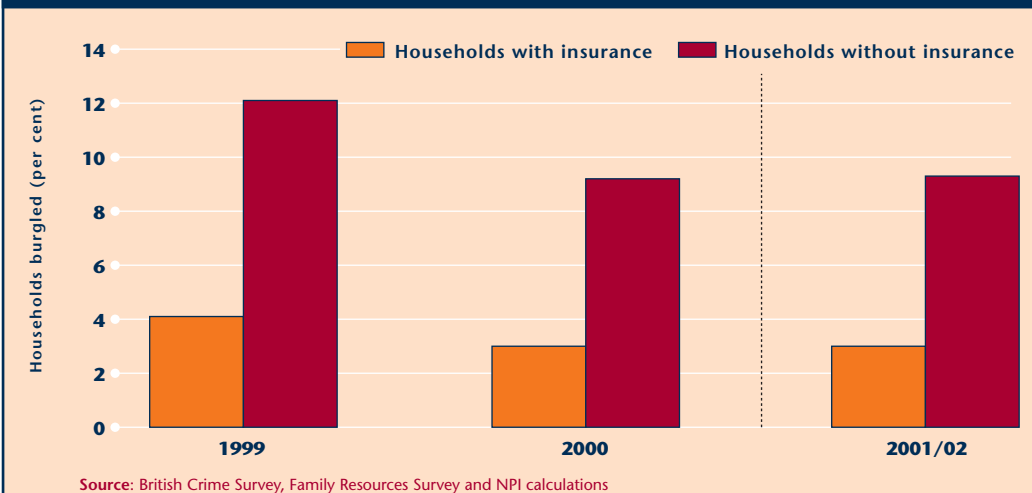
The second graph, again from the British Crime Survey, shows the vulnerability to burglary of different household types, set against the national average for 2001/02.

Overall adequacy of the indicator: **high**. The British Crime Survey is a well-established government survey, which is designed to be nationally representative.

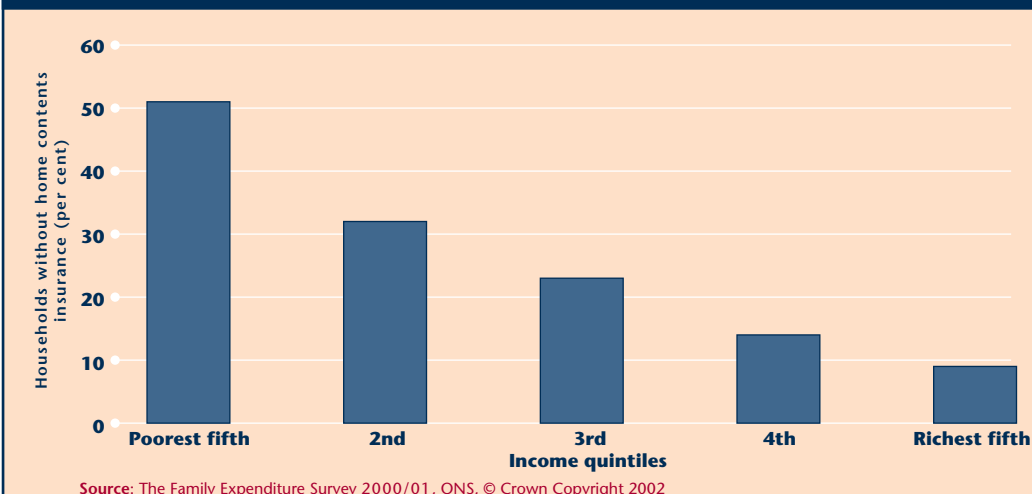
# Without household insurance

Indicator  
45

**Households with no insurance cover are much more likely to be burgled than those with insurance.**



**Half of the poorest households are uninsured, compared with one in four of households on average incomes.**



The first graph shows the percentage of households with, and without, home contents insurance that were victims of a burglary one or more times in each of the years shown. The rate is calculated by the New Policy Institute using data on burglaries from the British Crime Survey (BCS) and data on household insurance and household population data from the Family Resources Survey (FRS).

Note that data for years earlier than 1999 has not been included in the graph, as it was collected on a different basis (via a direct question in the BCS) and is therefore not comparable.

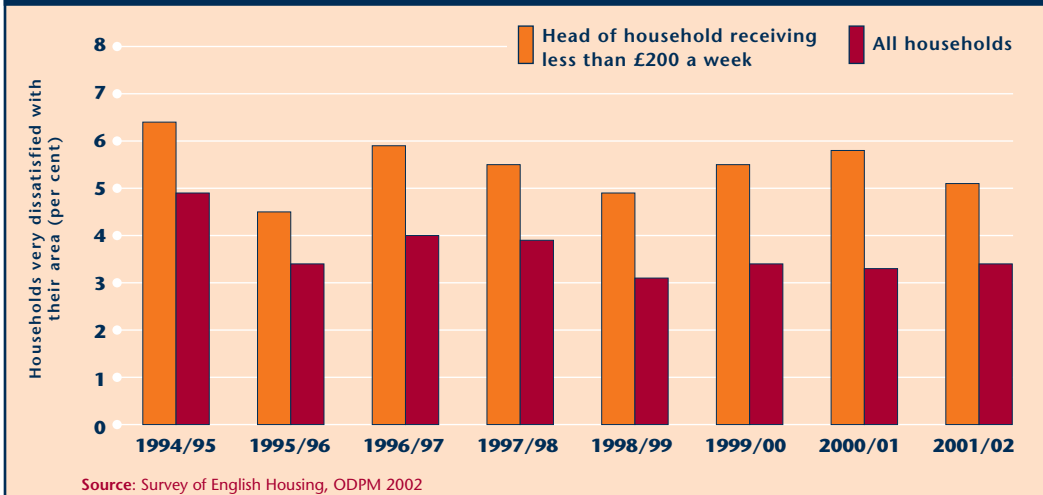
The second graph shows how the percentage of households without insurance cover for household contents varies according to the household's income. It is based on Family Expenditure Survey (FES) data. The data is for the UK, and the definition of income is gross weekly household income.

Overall adequacy of the indicator: **medium**. The BCS, FRS and FES are well-established government surveys, which are designed to be nationally representative.

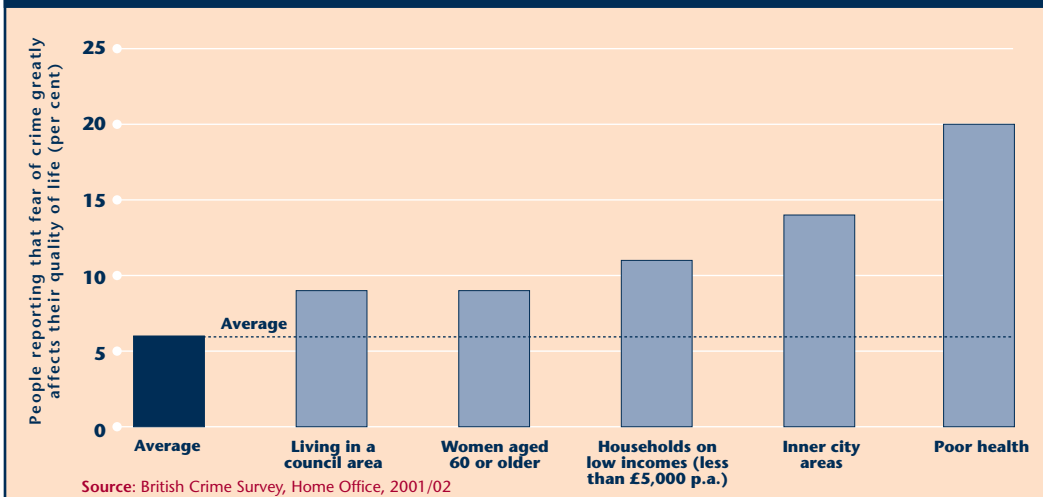
# Dissatisfaction with local area

Indicator  
 46

**Low income households are more likely to feel very dissatisfied with the area they live in than households on average.**



**People with poor health and those living in inner city areas are much more likely to report that their quality of life is greatly affected by the fear of crime than people on average.**



The first graph shows the proportion of households saying they are very dissatisfied with their local area, with separate results for those with a gross weekly household income below £200 and for all households. 'Household income' is the income of the head of household and their partner. The figures count those who replied 'very dissatisfied' to the question, the lowest of five possible responses. The data relates to England.

Note that this indicator was revised in 2002. Data published this year is not comparable with that published in previous years.

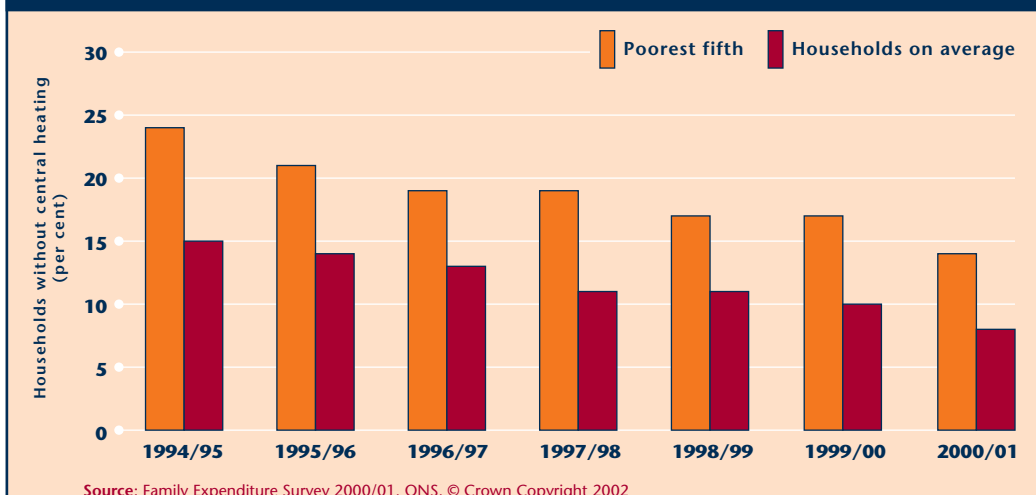
The second graph shows the percentage of different groups in the population who report that fear of crime affects their quality of life. The data is based on the 2000/01 British Crime Survey.

Overall adequacy of the indicator: high. The Survey of English Housing and the British Crime Survey are both well-established government surveys, designed to be nationally representative.

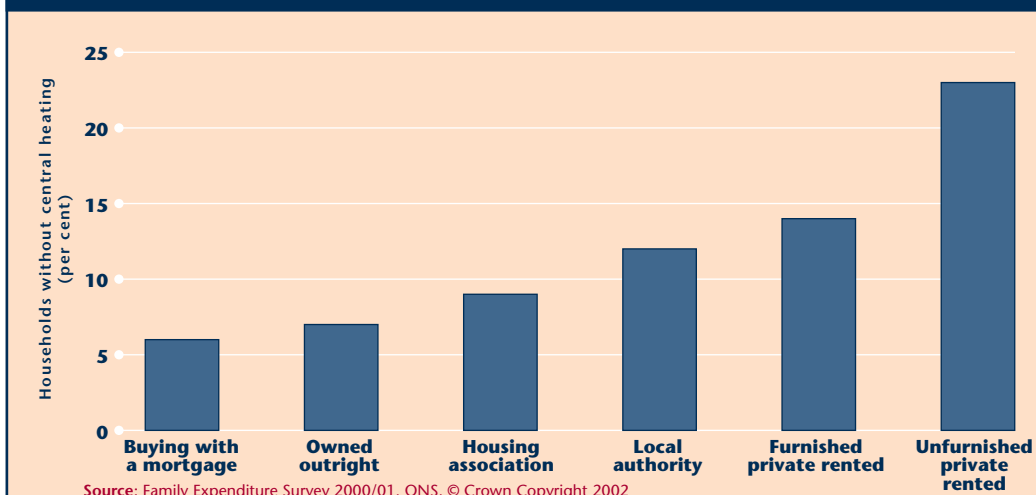
# Without central heating

Indicator  
47

**Although poorer families remain more likely to lack central heating, the proportion who do so is now actually less than for the average family in 1994/95.**



**Those living in the private rented sector are the most likely to be without central heating.**



The first graph shows the percentage of households without central heating, with separate figures given for the poorest fifth of households and for households on average.

The second graph breaks down the 2000/01 figures according to household tenure.

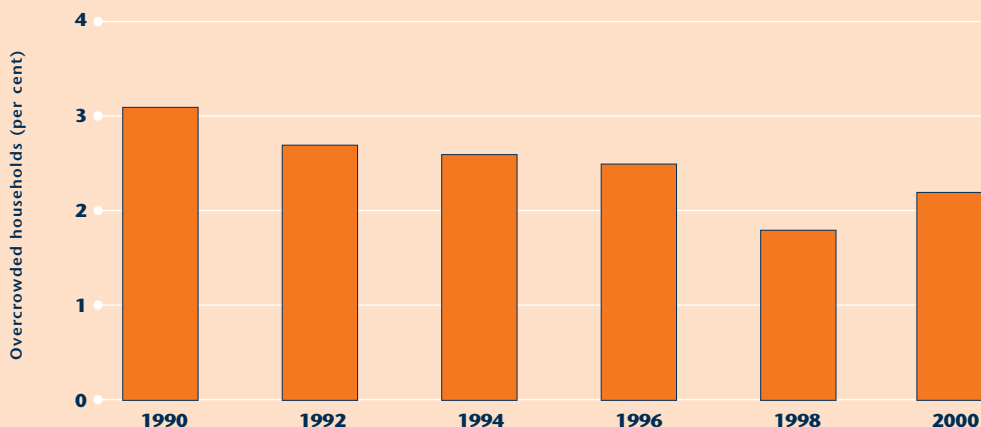
The data for both graphs is from the Family Expenditure Survey. Income is gross weekly household income. The results relate to the United Kingdom.

Overall adequacy of the indicator: **high**. The Family Expenditure Survey is a well-established, regular government survey, designed to be nationally representative.

# Overcrowding

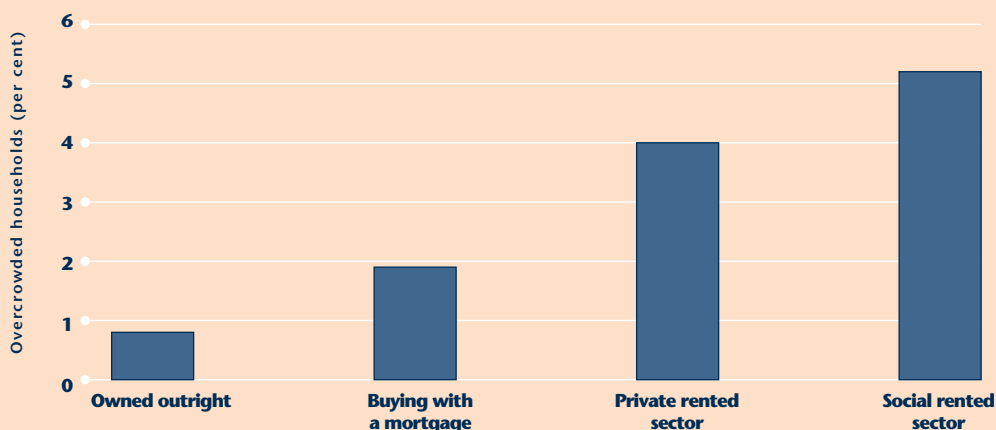
Indicator  
48

**Notwithstanding the apparent rise in 2000, the proportion of households which are overcrowded has reduced by a third since 1990.**



Source: General Household Survey, ONS, 2000/01

**Overcrowding is much more prevalent in rented housing than in owner-occupation.**



Source: Survey of English Housing, DTLR 2002

The first graph shows the percentage of households that fall below a measure of occupation density known as the 'bedroom standard'. The 'bedroom standard' is calculated in relation to the number of bedrooms and the number of household members, and their relationship to each other. One bedroom is allocated to each married or cohabiting couple, any other person over 21, each pair aged 10 to 20 of the same sex and each pair of children under 10.

The data relates to Great Britain.

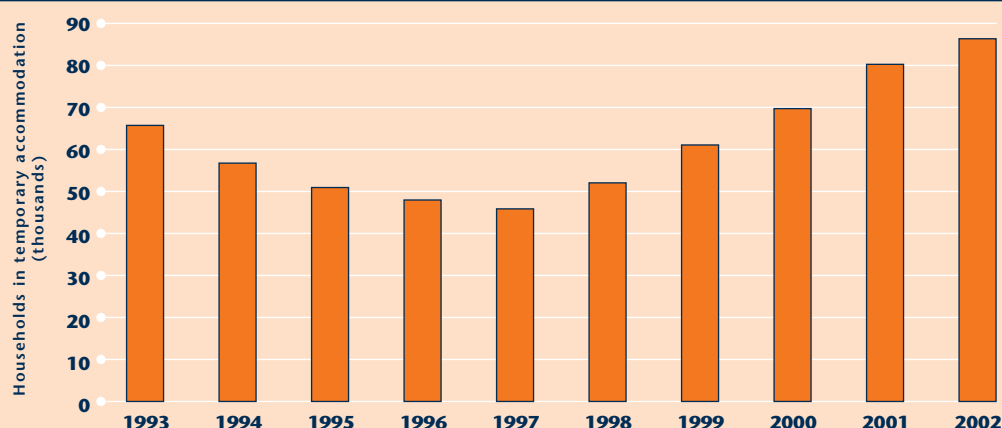
The second graph shows the percentage of households overcrowded by tenure for 2001/02 using the same standard. The data relates to England and the data source is the Survey of English Housing.

*Overall adequacy of the indicator: limited. The bedroom standard itself is low, particularly for those aged over 10, and the overall level of overcrowding it indicates may therefore be too low. Due to an insufficient degree of accuracy in the published data, the values for individual years shown in the first graph are to be regarded as illustrative only.*

# Households in temporary accommodation

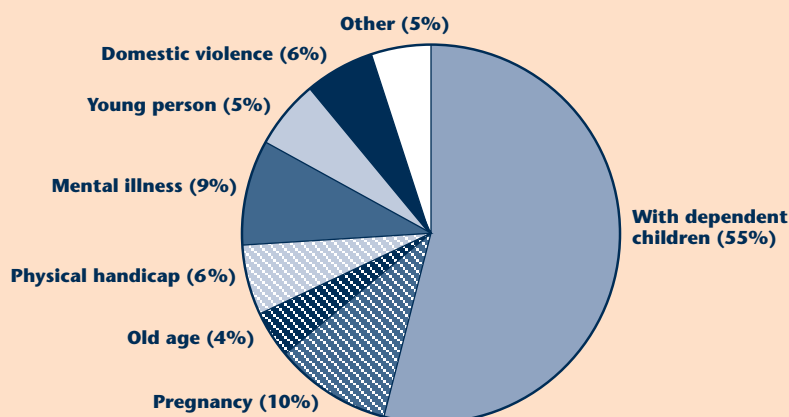
Indicator  
49

**The number of households in temporary accommodation continues to rise sharply.**



Source: Homelessness Bulletins, ODPM; Statistical Bulletin Housing Series, Scottish Executive; Welsh Office Housing Statistics  
Note: September and December 2001 figures have been used for Scotland and Wales respectively instead of March 2002, due to unavailability of data at time of going to press

**The majority of households that English local authorities consider to be in priority need have dependent children.**



Source: Statutory Homelessness England, Statistical Release, ODPM, 2002

The first graph shows the number of households in temporary accommodation in Great Britain, measured at the end of the first quarter of each year. 'Temporary accommodation' includes bed and breakfast, hostel accommodation, private renting, and other. For 2002, first quarter data was not available for Scotland, so data for the third quarter of the previous year (2001) was used instead. Due to the late publication of the Welsh data by the Welsh Assembly this year, fourth quarter 2001 data had to be used instead of first quarter 2002 statistics.

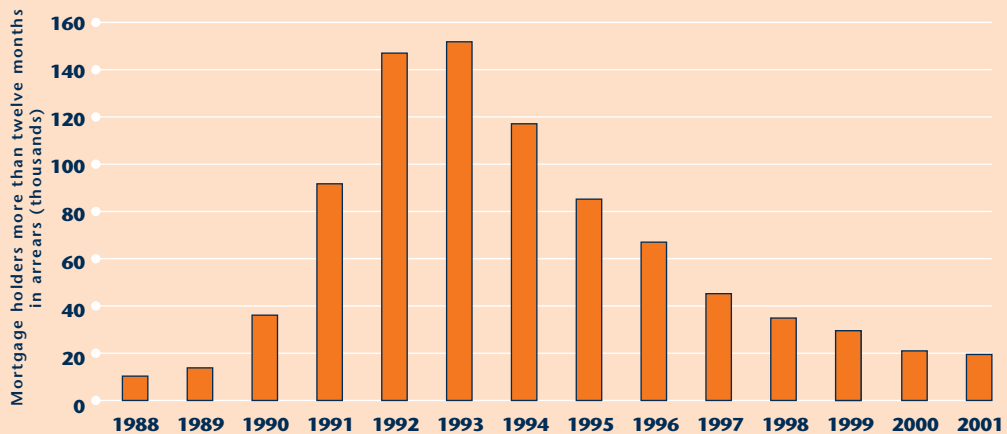
The second graph shows the breakdown of households that were accepted by local authorities in England as being homeless in the first quarter of 2001 according to the reason why the household was accepted as being in priority need.

Overall adequacy of the indicator: *limited*. While there is no reason to believe there is any problem with the underlying data, the extent to which it leaves 'homelessness' dependent on administrative definition is clearly unsatisfactory. In particular, the figures do not include any single people, towards whom local authorities have no general duty.

# Mortgage arrears

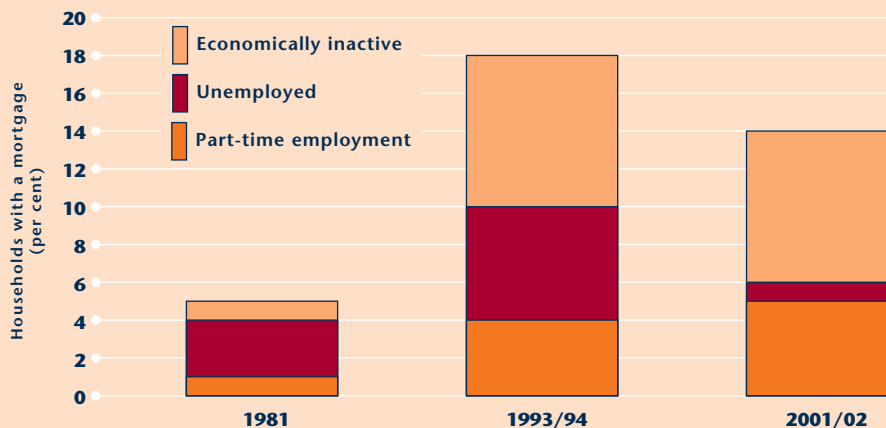
Indicator  
50

**The number of mortgage holders in serious arrears is now at its lowest for more than a decade.**



Source: Council of Mortgage Lenders, 2002

**One in seven working age heads of households with a mortgage is in an economically vulnerable position – in part-time work, unemployed or economically inactive.**



Source: 1981 – LFS Housing Trailer, DoE; 1993/94–2001/02 – Survey of English Housing; DTLR 2002

The first graph shows the number of residential mortgage holders who were 12 months or more in arrears with their mortgage repayments. The data relates to the United Kingdom. Figures are based on the statistics provided by a sample of members of the Council of Mortgage Lenders. Figures are based on a sample of approximately 88 per cent and are grossed up to represent the whole of CML membership, which accounts for around 98 per cent of the total mortgage lending market.

The second graph shows the economic status of the heads of households with mortgages. It is based on the Survey of English Housing and relates to England only. The data is for 2001/02.

Overall adequacy of the indicator: *high*. The data for the first graph is produced regularly by the CML from surveys among their members. The data for the second graph is from a well-established government survey designed to be nationally representative.

# References

## Executive summary

- 1 Howarth, C., Kenway, P. and Palmer, G. *Responsibility For All: A National Strategy For Social Inclusion*, New Policy Institute and the Fabian Society, 2001.

## Chapter 1 Income

- 1 From Table 2 in *Households Below Average Income 2000/01*, DWP 2002, 60 per cent of median income in 2000/01 after deducting housing costs was (in pounds per week):

Single adult	£84
Lone parent with 1 child	£124
Lone parent with 2 children	£156
Couple with no children	£153
Couple with 1 child	£193
Couple with 2 children	£225

- 2 Kenway, P. and Palmer, G. *What Do The Poverty Numbers Really Show?* New Policy Institute, 2002. With isolated exceptions, which come directly from the graphs, all of the statistics on who was on low income, the depth of low income and why the numbers on low income have fallen are from analysis of the *Households Below Average Income 2000/01*, DWP 2002 dataset by the New Policy Institute.
- 3 Analysis of the *Households Below Average Income 2000/01*, DWP 2002 dataset gives the following estimates of the proportions of the population living in households below 60 per cent of contemporary median income.

Region	1996/97	2000/01	% Fall
SE	19%	16%	3%
Eastern	22%	17%	5%
SW	24%	22%	2%
E. Midlands	23%	22%	1%
Yorks.	27%	23%	4%
Scotland	25%	24%	1%
Wales	26%	24%	3%
NW	26%	24%	3%
W. Midlands	24%	26%	-1%
NE	28%	28%	0%
London	30%	28%	2%

- 4 Kenway, P. and Palmer, G. *What Do The Poverty Numbers Really Show?* New Policy Institute, 2002. Based on the analysis of the *Households Below Average Income 2000/01*, DWP 2002 dataset by the New Policy Institute, the numbers (in millions) were as set out in the table below.

Difference between weekly disposable income and 60% of median income after deducting housing costs	At least one adult in paid work	Workless households	Head of household aged over 60
Less than £10	0.6	0.4	0.8
£10 to £25	0.8	0.9	0.8
£25 to £50	1.0	1.4	0.7
£50 to £100	1.1	1.4	0.3
More than £100	1.4	1.1	0.1

- 5 Table A1, *Households Below Average Income 2000/01*, DWP 2002.

- 6 All these statistics are from Table 3.5, *Households Below Average Income 2000/01*, DWP 2002, with the full set of statistics being as set out in the table below.

<i>Economic status</i>	<i>Risk of being below 60% of median income, after deducting housing costs</i>
Single or couple, all in full-time work	4%
Couple, 1 full-time, 1 part-time work	5%
Couple, 1 full-time work, 1 not working	19%
No full-time, 1 or more part-time work	29%
Workless, head or spouse aged over 60	27%
Unemployed, head or spouse unemployed	77%
Workless, other inactive	60%
Total	23%

- 7 For example, see Bradshaw, J. (ed.), *Household Budgets and Living Standards*, Joseph Rowntree Foundation, 1993. Also see Gordon D. et al., *Poverty and Social Exclusion In Britain*, Joseph Rowntree Foundation, 2000.
- 8 The table below is taken from Appendix 2, *Households Below Half Average Income 1994/5 – 1999/00*, DWP 2001, where further details of equivalisation are also discussed.

	<i>After housing costs</i>	<i>Before housing costs</i>
Head	0.55	0.61
Spouse	0.45	0.39
Other second adult	0.45	0.46
Third adult	0.45	0.42
Subsequent adults	0.40	0.36
Each dependant aged:		
0–1	0.07	0.09
2–4	0.18	0.18
5–7	0.21	0.21
8–10	0.23	0.23
11–12	0.26	0.25
13–15	0.28	0.27
16 and over	0.38	0.36

## Chapter 2 Children

- 1 Spencer, N., *Poverty and Child Health*, Radcliffe Press, 1996, page 112; Carr-Hill, R, 'The Measurement of Inequalities in Health: Lessons from the British Experience', *Social Science and Medicine*, 31(3), 1990, pages 393–404; Botting, B. (ed.) *The Health of our Children*, Decennial Supplement Series DS No. 11, 1995, page 71.
- 2 Jarvis, S., Towner, E. and Walsh, S., in Botting B. (ed.) *The Health of our Children*, Decennial Supplement Series DS No. 11, 1995, page 95.
- 3 *The Health of Children in Wales*, The Welsh Office, 1997, page 49.
- 4 Note that young people in care are estimated to make up a third of all secondary school exclusions and two-thirds of all primary school exclusions: Smith, R., *No Lessons Learnt*, The Children's Society, 1998.
- 5 Health Advisory Service (1995) and Health Committee (1997), cited in Malek, M., *Nurturing Healthy Minds*, National Children's Bureau, 1997, table 1 page 10.
- 6 *The Health of Children in Wales*, The Welsh Office, 1997, page 29.
- 7 Many young teenage mothers drop out of school early: Gustavsson, N. and Segal, E., *Critical Issues in Child Welfare*, Sage Publications, 1994, page 26. More than half never resume their education, even though they are below the statutory school leaving age: *The Needs and Cares of Adolescents*, British Paediatric Association, 1985, page 20.
- 8 In 1993, 89 per cent of young offenders were re-convicted within 2 years: Criminal Statistics, England and Wales 1996, Home Office, 1996, page 48.
- 9 Although not as favourable as one might assume from some government publicity, with its references to "1 million children lifted out of poverty during the first term". It appears that such statements were, in fact, comparisons between what had happened and what *might* have happened if Labour had not come into power in 1997.
- 10 *Households Below Average Income 2000/01*, DWP 2002, Tables 4.5 and 4.3.
- 11 *Households Below Average Income 2000/01*, DWP 2002, Table 4.6.
- 12 The other Public Service Agreement target on this subject is "To reduce the proportion of children in households with no one in work over the 3 years from Spring 2003 to Spring 2006 by 6½ per cent." The reason for choosing 6½ per cent is not immediately clear.

- 13 See more detailed discussion in the Income chapter.
- 14 See indicator 24.
- 15 *Households Below Average Income 2000/01*, DWP 2002, Table 4.3.
- 16 Some of the government’s policies for increasing the incomes of low income families with children apply to all families (e.g. Child Benefit increases and the forthcoming Child Tax Credit), others only apply to families in work (e.g. Working Families Tax Credit, national minimum wage), whilst others only apply to families not in work (e.g. increases in Income Support for recipients with children).
- 17 Admission rates to hospital as a result of unintentional injury for children aged under 16 also dropped by a third between 1996/97 and 2000/01. Infant mortality amongst those from manual backgrounds dropped by a quarter during the 1990s. Both statistics from *Opportunity For All, Fourth Annual Report 2002*, DWP, 2002.
- 18 *A League Table of Child Deaths by Injury in Rich Nations*, Innocenti Report Card No. 2, UNICEF, February 2001.
- 19 For example, *Teenage Pregnancy*, Stationery Office, June 1999 stated that rates of teenage pregnancy are currently six times as high as in Holland and three times as high as in France.

**Chapter 3 Young adults**

- 1 Rushton, S., *Children in Europe*, NCH Action for Children, 1996, page 268.
- 2 Kelly, S. and Bunting, J., *Trends in Suicide in England and Wales 1982–1996*, ONS Population Trends, 1998.
- 3 Fletcher, D.R., Woodhill, D. and Herrington, A., 'Employment and training for ex-offenders', *Findings Ref. 628*, Joseph Rowntree Foundation, 1998.
- 4 The Labour Force Survey data suggests that the unemployment rate for 16- and 17-year-olds is even higher, but given the high proportion of this age group who are in education this percentage may not be completely reliable.
- 5 Unemployment rates from the 2002 Spring Quarter of the Labour Force Survey:

	Aged 18 to 24	Aged 25 to retirement
East Midlands	6.6%	3.4%
Eastern	6.6%	2.8%
South West	7.2%	2.9%
South East	7.4%	3.2%
London	10.5%	5.6%
North East	10.7%	5.8%
Yorkshire and Humberside	10.8%	4.0%
North West	11.2%	4.1%
Northern Ireland	11.3%	4.6%
West Midlands	12.0%	4.1%
Scotland	12.0%	5.4%
Wales	13.4%	4.5%

- 6 *Opportunity For All, Fourth Annual Report 2002*, DWP, 2002: in 2001, around 50,000 18- to 24-year-olds were unemployed for 6 months or more, compared with 120,000 in 1998 and 400,000 in 1993.
- 7 In essence, the Office of National Statistics have declared the low pay data in both the Labour Force Survey and the New Earnings Survey to be unreliable and thus outside researchers now have to rely on whatever data the Office decides to publish. Currently, the published data only provides breakdowns for the age groups 18 to 21 and 22+, and only for the years 1998 to 2001.
- 8 British Crime Survey: from 8 per cent in 1998 to 9 per cent in 2000.

**Chapter 4 Adults**

- 1 Department of Social Security, *Social Security Statistics 1997*, Stationery Office, 1997, page 43.
- 2 The long-term unemployed are 50 per cent more likely to die of lung cancer and other respiratory diseases than people in secure work: Drever F. and Whitehead M., *Health Inequalities*, ONS, 1998.
- 3 For example, even those with quite modest qualifications averaged 20 per cent more in hourly earnings than those with no qualifications at all: *How Education and Training Make Work Pay for Lone Mothers*, DfEE, 1997.
- 4 McCormick, J., in 'Welfare in Working Order', IPPR, 1998, page 177.
- 5 *Health Survey for England*, Department of Health, 1996, page 184.
- 6 'Introduction' booklet, Depression Alliance, 1995, page 10. A poor working environment and social isolation are also factors that heighten the risk of depressive illness.

- 7 *Opportunity For All, Fourth Annual Report 2002*, DWP, 2002: the employment rate for lone parents has increased steadily throughout the last decade, from 40 per cent in 1992 to 54 per cent in 2002. It also cites some, but smaller, improvements in the employment rates for people with disabilities (from 44 per cent in 1998 to 48 per cent in 2002) and for older workers (from 63 per cent in 1995 to 68 per cent in 2002), although not for ethnic minority people.
- 8 From the Spring 2002 quarter of the Labour Force Survey:

Region	% economically inactive who want work	% unemployed (ILO definition)	Total % who want paid work
Eastern	5%	3%	7%
South East	5%	3%	8%
South West	5%	3%	8%
East Midlands	5%	3%	8%
Northern Ireland	6%	4%	10%
West Midlands	6%	4%	10%
North West	6%	4%	10%
Yorkshire and the Humber	6%	4%	10%
Wales	7%	4%	11%
London	7%	5%	11%
Scotland	7%	5%	12%
North East	8%	5%	13%

- 9 Presumably the 200,000 employees being paid less than the minimum wage are from groups that are exempt from this legislation. For national minimum wage purposes, a 'worker' is someone who has a contract of employment, or someone who does work personally for someone else (under a 'worker's contract') and is not genuinely self-employed. The contract does not have to be written – it may be an oral contract, or it may be implied. The following groups are exempted from the minimum wage:
- the self-employed
  - voluntary workers, where voluntary workers are classified as those who have no contractual agreement and who receive no payment or payment in kind
  - some trainees on Government-funded schemes or on programmes supported by the European Social Fund
  - some apprentices
  - people living and working within a family who share in the work and leisure activities of the household (e.g. au pairs, nannies and companions)
  - students doing work experience as part of a higher education course
  - company directors
  - members of the armed forces
  - share fishermen (those who do not receive a fixed wage or salary, but who agree to divide up amongst themselves the proceeds or profits from a catch)
  - prisoners.
- 10 *Households Below Average Income 2000/01*, DWP 2002, Table 3.3, using the low income threshold of 60 per cent of median income after deducting housing costs.
- 11 In essence, the Office of National Statistics have declared the low pay data in both the Labour Force Survey and the New Earnings Survey to be unreliable and thus outside researchers now have to rely on whatever data the Office decides to publish. Currently, the published data only provides breakdowns for the age groups 18 to 21 and 22+, and only for the years 1998 to 2001.

### Chapter 5 Older people

- 1 Pensioners receiving the State Earnings Related Pensions are not included in this group. Note that, although pensioners relying solely on state benefits are obviously the worst off in their age group, many of those with investment income or second pensions have little extra from these sources.
- 2 Department of Health, *Our Healthier Nation: A Contract for Health*, Stationery Office, 1998, page 8.
- 3 Clark, H., Dyer, S. and Horwood, J., 'The importance of "low level" preventative services to older people', Joseph Rowntree Foundation *Findings*, Ref. 768, 1998.
- 4 From the Omnibus Survey in 2000, 71 per cent of those surveyed believed that a telephone was a necessity. Gordon D., et al., *Poverty And Social Exclusion In Britain*, Joseph Rowntree Foundation, 2000.
- 5 The government's report, *Opportunity For All* used to have a similar indicator, but in the 2002 edition this was changed to a somewhat wider indicator (including a wider variety of services). On this wider indicator, there was little change between 1998/99 and 2000/01. It also has an indicator for the number receiving intensive care, which rose from 7.8 to 9.3 per thousand population aged 65 and over between 1998/99 and 2000/01.

- 6 There are no signs yet of this happening. *Opportunity For All, Fourth Annual Report 2002*, DWP, 2002: the proportion of working age people who contributed to a non-state pension in at least three out of four years was 59 per cent in 1992/95 and 57 per cent in 1997/2000.
- 7 Analysis from the dataset for 2000/01 in: *Households Below Average Income 2000/01*, DWP 2002
- 8 When introduced in April 1999, the Minimum Income Guarantee (MIG) was £75 a week for single pensioners and £116.60 for couples. These figures represent increases of around £4 and £7 per week respectively, compared with the levels of Income Support that applied previously. In April 2000, MIG was raised to £78.45 for single pensioners and £121.95 for pensioner couples, representing increases of £3.45 and £5.35 over the previous year. In April 2001, it was raised to £92.15 for single pensioners and £140.55 for couples, representing increases of £13.70 and £18.60 over the previous year.
- 9 The table below compares the April 2001 figures with two thresholds of low income: half average income and *Low Cost But Acceptable Incomes For Older People*, Parker, H. (ed.) 2000.

	Minimum Income Guarantee (from April 2001)	60% of median income (2000/01, before housing costs)	'Low Cost But Acceptable', 2000
Singles	£92	£107	£123
Couples	£141	£176	£184

- 10 As illustrated in the graph for indicator 34, the estimated levels of spending on essentials by pensioners mainly dependent on the State Retirement Pension rose substantially in 1999/2000 and then fell back somewhat in 2000/01. Such fluctuations are probably due to statistical variability, given the relatively small size of the Family Expenditure Survey, and thus it is important to look at the overall trend rather than to read too much into any single year's figures.
- 11 The same source, the British Crime Survey, suggests that the proportion who report their lives are greatly affected by fear of crime has reduced somewhat in recent years, from 14 per cent in 1998 to 10 per cent in 2001/02.

### Chapter 6 Communities

- 1 Humm, J., *Progress Report of the Community Sector Observatory*, Community Development Foundation, 1997.
- 2 NCVCCO 1995, *No Fault Of Their Own*, cited in NCH Action for Children '98 *Factfile*, page 164.
- 3 Woodruffe, C., Glickman M., Barker M. and Power, C., *Children, Teenagers and Health: the Key Data*, OUP 1993, page 105.
- 4 Barrett, S. *Health Prospects for Young Citizens of the North West*, Department of Public Health, Liverpool University, 1998.
- 5 As illustrated in the table below, around 60 per cent of households in fuel poverty are in the private sector (owner occupied or rented) and 40 per cent in the social rented sector. As a share of each sector, however, only about one-fifth of all private sector properties are fuel poor, compared with one-third of all social rented sector properties.

*Households in Fuel Poverty: England, Scotland and Wales (1999) (millions)*

	Vulnerable Households	Other Households	Total
Social rented sector	1.2	0.5	1.7
Private sector (rent and own)	1.7	0.7	2.4
Total	2.8	1.2	4.0

The figures in this table are a composite of published figures for England (which give this breakdown) and row totals for Wales and Scotland for 1996, factored down in line with estimates of the reduction in the number of UK fuel-poor between 1996 and 1999, and allocated between columns in line with the proportions for England).

- 6 The percentage of overcrowded households in the social rented sector, using the same definition of overcrowded as indicator 48 is:

1991	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
7.0%	5.6%	5.2%	4.5%	5.0%	4.9%	4.5%	5.5%	5.7%

Note: Data for 1993/94 onwards in the table above is from the Survey of English Housing. Data for 1991 is from the Labour Force Survey.

- 7 Department of Work and Pensions *Opportunity For All, Fourth Annual Report 2002*, DWP, 2002: 1,850 in June 1998 and 532 in December 2001.
- 8 For example, following the publication of *Access to Financial Services* (PAT 14 report, Stationery Office, 1999), the government exhorted all major banks to provide – by October 2000 - ‘basic bank accounts’, which cannot go overdrawn and have no unexpected charges. Following the publication of *Counter Revolution* (Performance Innovation Unit, 2000), it also announced that it would be working with the Post Office to establish a ‘universal bank’, although this has not yet become a reality.
- 9 Figures for 1999 show pre-payment electricity bills £27 (11 per cent) and pre-payment gas prices £51 (19 per cent) higher. OFGEM *Social Action Plan*, March 2000, Appendix D2 and OFGEM *Social Action Plan Annual Review*, March 2001, Appendix 1.
- 10 The figure of 51 per cent for 2000/01 from the Family Expenditure Survey compares with a figure of 52 per cent for 1997 as estimated by the Association of British Insurers.