

A review of poverty dynamics research in the UK

Noel Smith and Sue Middleton

Dynamics research presents a dramatically more comprehensive understanding of poverty than point-in-time studies. While point-in-time studies provide a static 'snap shot' of the population at a given single moment, dynamics or longitudinal research traces the same individuals or households over time and so is able to record stories of change.

Research on poverty dynamics in the UK has taken root since the 1990s. This study aimed to gather and reflect on existing poverty dynamics literature in order to:

- examine the different forms of poverty, how different social groups experience it, and how people enter and leave poverty;
- understand the implications for policy aimed at tackling poverty and disadvantage; and
- highlight priorities for further research.

The researchers conclude that the concept of 'the poor' given by point-in-time studies is misleading: poverty dynamics finds a broad population with diverse experiences of poverty, reveals who moves in and out of poverty and why, and sheds light on how life chances are stacked against certain individuals and families. However, there appears to be no clear understanding of poverty dynamics in current UK social policy. Progress to eradicate poverty has been held back by a failure to target persistent poverty and to safeguard against re-entry to poverty.



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1 A review of poverty dynamics research in the UK: summary

Introduction

Dynamics research presents a dramatically more comprehensive understanding of poverty than point-in-time studies. While point-in-time studies provide a static ‘snap shot’ of the population at a given single moment, dynamics or longitudinal research traces the same individuals or households over time and so is able to record stories of change. Poverty in the UK is still most frequently examined using point-in-time approaches. However, from this perspective, poverty can seem rather one-dimensional – as a homogenous and relatively static state experienced by a homogenous and discrete group: ‘the poor’. An impression given by point-in-time studies is of a population differentiated between ‘the poor’ and ‘the non-poor’ like two relatively separate entities. In contrast, dynamics research shows that people can experience different types of poverty, that the majority of people who experience poverty move out of poverty, and that many more people experience poverty over a period of time than they do at any one moment in time. The concept of ‘the poor’ is misleading and, instead, we see a broad population with diverse experiences of poverty. At the same time, dynamics research reveals who moves in and out of poverty, and why, and so sheds light on how life chances are stacked against certain individuals and families. However, understanding of poverty dynamics is not clearly evident in current UK social policy. A contention of this report is that progress to eradicate poverty has been held back by a failure to target persistent poverty and a lack of emphasis on safeguarding against re-entry to poverty in order to prevent recurrent poverty.

Research on poverty dynamics in the UK has taken root since the 1990s, marked by the introduction of the British Household Panel Survey (BHPS) in 1991. In order to take stock of this important development in the study of UK poverty, the Joseph Rowntree Foundation commissioned the Centre for Research in Social Policy to undertake a systematic review of the literature. The aims of the project were to gather and reflect on existing UK poverty dynamics literature in order to understand the implications for policy, in relation to the reduction and eradication of poverty and disadvantage, and to highlight gaps in the evidence that might be filled by future research initiatives.

Systematic literature review is a methodology designed to provide a comprehensive and unbiased assessment of available literature on a given subject. It works by using

a transparent, detailed search strategy which determines in advance of a review where and how literature will be searched, and what criteria in terms of relevance and quality will be applied to determine whether literature is included. Using this methodology, 115 publications were reviewed for this report. The majority of studies reviewed in this report were based on panel surveys – surveys of the same households on an annual basis. The literature also draws on birth cohort surveys – quantitative studies of a group of individuals born in the same year at intervals through childhood and adulthood.

The figures presented in this review should be read with caution both because findings are taken from research spanning well over a decade and may be out of date, and because the literature uses a range of poverty measurements, including different relative income thresholds. Reference to poverty rates should be taken as illustrative rather than definitive. However, what the review can present with confidence are the dynamics of poverty – the different forms of poverty, how it is experienced by different social groups, and how people enter and leave poverty.

The dimensions of poverty

Although studies in the review used a range of poverty measurements, the most common was based on relative income, typically using a poverty threshold of 60 per cent of the national median income.

The dynamics literature shows that the Government's standard, point-in-time measurement of the poverty rate vastly underestimates the number of people who experience poverty over a period of two years or more. In an analysis of the first two years of the BHPS (1991–92; 69.9), Jarvis and Jenkins found that an average of 17 per cent were poor at any one point in time but that, across the two years, 24 per cent had experienced poverty at least once. The same dynamic was found in later research which suggests that over a six–eight-year period, about a third of the population experience poverty at least once – twice as much as the average point-in-time poverty rate. The literature further suggests that when a longer period of time is studied, the incidence of poverty will be higher.

The literature shows that most people who enter poverty leave poverty in one or more years. However, a small proportion experience persistent poverty – sustained, continuous poverty. A number of studies in the review shared similar conclusions with Devicienti's analysis (BHPS, 1991–97; 79.14) which found that almost half of those who were poor in 1991 had left the following year and over two-thirds had left three years later, but that 2 per cent were persistently poor for all seven years.

While poverty, for most, is not persistent, it is not necessarily a transient, one-off experience. On the contrary, poverty dynamics research shows that many people who leave poverty return to experience recurrent episodes of poverty. This ‘churning’ of people in and out of poverty is explained in the literature by the fact that income mobility tends to be short-range. Income often increases only enough to lift people just above the poverty threshold, where they remain on the cusp of poverty, at high risk of re-entering poverty. For example, Jarvis and Jenkins found that ‘of the poorest tenth in one period, three quarters are to be found in the poorest fifth next period’ (BHPS, 1991–94; 17.33, p. 12). Consequently, for example, about 30 per cent of those leaving poverty become poor again within a year (Jenkins *et al.*, BHPS, 1991–99; 79.13). In turn, the extent of ‘churning’ this generates is illustrated in Oxley *et al.*’s observation that 30 per cent of the ‘pool’ of people in poverty over a six-year period involved the same individuals revolving in and out of poverty (BHPS, 1991–96; 7.49).

As this suggests, different types of poverty can be identified. The literature proposes alternative typologies which nevertheless include the same four types: people who never experience poverty; people who have a one-off, transient experience; those experiencing recurrent poverty; and those in persistent poverty.

Relatively little attention is given in the literature to differentiating poverty in terms of severity. As expected, raising or lowering the poverty threshold increases or decreases estimates of the incidence of poverty. Examining movement near the threshold – for example, from ‘poor’ to ‘near poor’ – is difficult because of measurement error. Overall, a number of studies state that while using different thresholds changes poverty rates, poverty trends over time are broadly unchanged.

Understanding poverty dynamically raises profound implications for policy and the Government’s aims to reduce and eradicate poverty. The fact that the static measurement of the poverty rate misrepresents and understates the number of people who experience poverty over time means that the scale of the challenge is even greater than presented in recent government literature. Moreover, the extent of recurrent poverty and poverty churning raises critical questions about the extent to which movements above the income poverty threshold represent genuine poverty exits. That is, while these movements will count as poverty exits and lower the official (static) poverty rate, many people only maintain above-threshold incomes for temporary periods. These periods will not always be long enough for people to build up their material resources to the point where they have a meaningful impact on their well-being and security. In other words, ‘blips’ out of poverty – as experienced by a significant population – may often fail to yield a genuine movement out of poverty.

The 'good news' from the literature is that most people who experience poverty leave it quite quickly, but this also highlights the need for policies to recognise and target different types of poverty. People who experience one-off or transient poverty will include those who exit poverty 'naturally', without intervention, so policies need to be prioritised to focus on people facing recurrent and persistent poverty.

Recognising recurrent poverty and the extent of poverty churning highlights the fact that lifting people out of poverty at a single point in time is unlikely to be effective unless measures are in place to keep them out of poverty. In this sense, policy needs to adopt a stronger dynamic focus, concerned not only with points of transition but with trajectories over time.

Persistent poverty is likely to be particularly hazardous to people's well-being. However, because policy does not differentiate between different types of poverty, it can neither target initiatives at people in persistent poverty nor evaluate how initiatives are working for them. A blanket, 'one-size-fits-all' approach to poverty in the UK means that it is difficult to be sure whether anti-poverty strategies address the circumstances of the persistent poor or serve only, for example, to fast-track poverty exit among the transient poor.

The studies in the review tend to analyse poverty in relation to a single, defined income threshold, with the result that the literature is relatively light on research of the depth of severity of poverty. The research suggests that recurrent poverty is associated with movements between poverty and near poverty, and that varying thresholds affect poverty rates rather than trends. However, there is a marked lack of detail and exploration on this subject. There are clear research problems in pursuing this area, including the arbitrary nature of income thresholds as proxies for poverty (raising questions about whether distinctions between poverty and near poverty are meaningful at all) and the sensitivity of thresholds to measurement error, especially when the difference of £1 can determine whether a household is classified as poor or not. Nevertheless, in order to appreciate the full dimensions of poverty and so ensure that policy is accurately targeted, insights about the temporal diversity within poverty need to be matched with understanding of how poverty is differentiated by depth of severity. Key areas for future research might include how and why depth of poverty changes over time, generally and for different social groups, and whether severe poverty is associated more with particular temporal experiences than others. One of the aims of this endeavour would be for policies to identify and address the circumstances of people experiencing severe and persistent poverty.

Poverty triggers

Causes of poverty can be understood as comprising two elements: the social characteristics or personal resources of an individual or household which mediate how resistant or vulnerable they are to poverty, and the event which actually triggers entry into poverty. What triggers poverty for some will not trigger it for others. A unique advantage of poverty dynamics research is that, by tracing individuals or households over time, it can identify the events associated with entry into poverty.

The economic stability of a household depends on the balance between the household's needs (mainly family composition) and the income required to meet those needs. An overarching finding in the literature is that poverty is more commonly triggered by changes in income than by household change. In turn, household change is more important for poverty entry than exit: increased household need is more likely to trigger entry into poverty than decreased household need is to trigger exit from poverty.

A number of studies suggest that about 60 per cent of poverty entries were associated with falling income. Job loss dominated as the key poverty trigger, with a decrease in earnings being the next most common trigger.

The two most common forms of household change which trigger poverty are an increase in the number of children in the household, and a transition from a two- to one-parent household, with the latter having most impact. Although only 3 per cent of household poverty entries were associated with a transition from a two- to a lone-parent household, 35 per cent of households experiencing this change entered poverty (Jenkins *et al.*, BHPS, 1991–99; 79.13).

The relative importance of triggers can vary by gender. While labour market events were the dominant poverty triggers for men, for women both labour market and demographic change were triggers, reflecting the fact that divorce and separation are more likely to trigger poverty for women than for men. Wage inequalities and women's relative position within the labour market also mean that a fall in a man's income is more likely to trigger poverty for his spouse than a fall in a woman's income will for her spouse. The same inequalities extend into later life so that retirement is more likely to trigger poverty for single women than for partnered women or men.

For older people generally, key poverty triggers include falls in benefit income and, more so, state and occupational pensions. Retirement can represent a poverty trigger, but its impact is dependent on individuals' employment history and associated pension provision. Thirty per cent of all those who retire are already poor in the year before retirement (Bardasi *et al.*, BHPS, 1991–99; 10.11).

The onset of disability or ill health also represents a poverty trigger, but this is tempered by the fact that people who become disabled are more likely to have been in poverty before the onset of an impairment than those who do not become disabled. Nevertheless, the literature also suggests that children living in households with an adult moving in and out of ill health face similar poverty risks to those living with a persistently ill adult.

Findings in the literature about the triggers of poverty are confined to the content of the available data and, essentially, to what questions are asked in surveys. This raises the question of how confident we can be that all the 'right' questions have been asked and, so, whether all potential poverty triggers have been taken into account. Indeed, there are examples of studies in the review which state that the data on income and household change had not been able to explain all the poverty entries experienced by respondents. Thus a second question follows: what other events need to be examined as potential poverty triggers? A strategy to address this would be to develop longitudinal qualitative research of poverty dynamics. Qualitative research is not bounded by predetermined questions and would be able to identify potential poverty triggers through reiterative inquiry with participants 'on the ground'. While such findings from a longitudinal qualitative project could be used to inform survey design, the approach would also lend itself to exploring issues of, for example, personal agency, choice, aspiration and expectation in order to provide a 'bottom-up' perspective and deeper understanding of poverty dynamics.

At-risk groups

An overarching finding from analyses of year-on-year surveys is that people who have experienced poverty in the past are most at risk of entering poverty, and that the longer someone stays poor the less likely they are to escape poverty. The birth cohort studies highlight the impact of poverty on life chances across the life course and between generations: childhood poverty is associated with low income in adulthood, low income in adulthood is associated with poverty in old age, and the sons of fathers on low income were themselves more likely to be on low income than high income in adulthood.

In terms of age, poverty risks appear to accumulate at the extremes of the life course. Jenkins *et al.* (BHPS, 1991–98; 10.15), for example, found that 57 per cent of children were poor at least once over an eight-year period. The literature further suggests that the younger the child the higher the risks of poverty. At the other end of the life course, Berthoud *et al.* (BHPS, 1991–2001; 69.70), for example, found that during a six-year period, 56 per cent of pensioners were poor at least once

compared with 31 per cent of working-age adults. Poverty risks increase in older old age, and for single older people, particularly older women.

Of all households, those headed by lone mothers with dependent children are most vulnerable to persistent poverty. Jenkins *et al.* (BHPS, 1991–99; 79.13), for example, show that 68 per cent of lone-parent families experienced poverty at least once during a four-year period compared with 34 per cent of the whole population, while 19 per cent were poor in all four years compared with the all-population rate of 7 per cent. Poverty risks also increase for families with a larger number of children and with younger children. Adelman *et al.* (BHPS, 1991–99; 82.3), for example, found that compared with an only child, a child with two or more siblings is over three times more likely to experience persistent poverty. Of all children in persistent poverty, 65 per cent were in a household with a child aged under five years, while only 14 per cent were in a household where the youngest child was aged ten or older.

Unemployment represents another key risk. Jenkins *et al.* (BHPS, 1991–99; 79.13) found that unemployed people were almost twice as likely as the all-population average to experience persistent poverty over a four-year period. Low-paid and insecure employment also increase risks of poverty. Taylor, for example, highlights that of working-age adults who had been in poverty for two consecutive years, a third were in employment, including 17 per cent in full-time work (ECHP, 1994–97; 16.8.JB1). Muffels and Fouarge (ECHP, 1994–95; 13.153) estimate that, compared with someone in continuous employment, someone employed intermittently – perhaps in a string of temporary jobs – faced at least twice the risk of entering poverty.

Disabled people and those in ill health are more likely to experience poverty and more likely to experience persistent poverty. The direction of the causal relationship between poverty and ill health (whether poverty causes illness or vice versa) seems contested in the literature. Although people who become disabled are more likely to have been poor and unemployed than those not disabled, the onset of disability has been associated with a marked decline in income and falling employment rates (Jenkins and Rigg, BHPS, 1991–98; 69.55).

Educational attainment lessens the risk of poverty by mediating employment opportunities and wage potential. Birth cohort studies have observed that education serves as a ‘transmission mechanism’ for disadvantage: childhood poverty is associated with lower educational attainment which, in turn, is associated with low income in adulthood. In terms of year-on-year dynamics, McCulloch (BHPS, 1991–98; 53.20), for example, records that individuals with a degree-level qualification had a 56 per cent lower probability of entering poverty than an individual with no

qualifications. A number of studies argue that low educational attainment is linked more strongly to persistent than to transient poverty.

Women are more at risk than men of both poverty and persistent poverty. For example, Jenkins *et al.* (BHPS, 1991–99; 79.13) show that, over a four-year period, 36 per cent of women experienced poverty at least once, and 15 per cent were poor in three or four years; the corresponding figures for men were 28 and 10 per cent.

There is some evidence in the literature that people in black and minority ethnic groups are more at risk of poverty and persistent poverty than white people. However, there is relatively little detailed analysis of ethnicity in the poverty dynamics literature captured in this review. While this probably reflects the fact that the number of black and minority ethnic respondents in panel surveys, while representative, is often too small to permit adequate analysis, this stands out as a notable gap in the literature. Further research is required to identify the types of poverty experienced by different black and minority ethnic social groups, and whether particular triggers and factors are associated with poverty among these groups. Arguably, this information is crucial to ensure that current anti-poverty policies and initiatives are appropriate for or effectively targeted on addressing poverty among black and minority ethnic social groups.

One of the clear findings from the literature is that risks of poverty for older people increase in later old age. The Government's strategy as presented in *Opportunity for All* (DWP, 2006) includes a broad, comprehensive programme for addressing the needs of older people, from pension reform, through *Sure Start to Later Life*, to transport and accessibility planning. Notably, however, this programme is focused on older people over 60 per se and does not as a rule differentiate or target initiatives for older pensioners. Given that needs and resources are likely to vary widely during the decades after retirement, a more finely tuned programme would seem appropriate.

A number of studies in the literature examined the risks associated with various environmental factors. Income and family characteristics appear to be better explanatory variables for poverty dynamics than local employment rates or neighbourhood deprivation. These findings suggest the importance of enhancing individuals' opportunities, for example through educational attainment, and securing employment for individuals in disadvantaged areas, but are less clear about the potential efficacy of targeting resources on developing local job markets. While poverty prevalence and persistence are more acute in urban than rural areas generally, Gilbert *et al.* (BHPS, 1991–98; 13.60) argue that poverty rates are lower in accessible rural areas and that remote rural areas share similar poverty rates with urban areas.

Outcomes: persistence and consequences of poverty

Rather than particular risk factors being associated with either shorter-term or longer-term poverty, a sliding scale of poverty persistence results from an accumulation and intensity of risk factors.

There is a general consensus in the literature about who is most at risk of persistent poverty:

- children
- lone parents
- older people
- workless households
- disabled people and people in ill health.

For each of these groups, risks of persistent poverty will be accentuated by a number of factors. For children these include having a larger number of siblings, living in a one-parent household, and living in a household headed by an adult with low educational attainment. For adult groups, risks are accentuated, for example, for those who are unemployed, have weaker employment histories and lower educational attainment, and for those with a larger number of children and younger children in their households or, in the case of older people, for those who live alone.

The literature shows that, even on a year-on-year basis, poverty is associated with an increased risk of future poverty. Moreover, the birth cohort studies captured in this review show clearly that the consequences of poverty can extend across the life course and span generations. Poverty suppresses people's life chances in terms of educational attainment and employment opportunities. Women who experience poverty in childhood are more likely than those who did not to become mothers at a young age and lone parents. Although the causal relationship between poverty and ill health and disability can be debated, there is certainly a significant relationship between the two.

It is striking that the consequences of poverty highlighted in birth cohort studies closely match key characteristics and factors emphasised in the year-on-year observations of persistent poverty. This serves as a stark observation of how the consequences can themselves represent risk factors for future poverty and, hence,

marks the urgency of the need to genuinely eradicate poverty and halt these cycles of disadvantage.

Escaping and avoiding poverty

The events and factors which lift people out of poverty and offer protection from poverty mirror those which trigger and increase risks of entering poverty. For example, because most income mobility is short-range (whether at the top or bottom of the income distribution), there is a sense in which not being poor in the past reduces the chances of becoming poor in the future.

The single most common event to trigger an exit from poverty is an increase in the household head's earnings, including movement from unemployment to employment or increases in working hours or pay. Increases in the earnings of other household members are also important. For example, Oxley *et al.* (BHPS, 1991–96; 7.49) found that households moving from having one earner to having two earners had a greater probability of escaping poverty than households moving from having no earners to having one earner. Increases in the number of workers in a household were more important for poverty exit than an increase in the wages among household members.

Employment is also the most robust factor for keeping people out of poverty. Even having one adult in work helps: over 60 per cent of two-parent families where just one adult was in full-time work (and one was not working) remained out of poverty, compared with only 13 per cent of families without a worker (Jenkins *et al.*, BHPS, 1991–99; 79.13). Individuals in households with one full-time worker were twice as likely to avoid poverty as those in households with part-time workers who, in turn, were more than twice as likely to remain out of poverty as those without workers (Jenkins *et al.*, BHPS, 1991–99; 79.13). The literature suggests that poverty resistance depends not only on the number of employees in a household, but also on household members being in full-time and sustained employment.

Educational attainment is important, serving as a factor which protects people from poverty, rather than as an event which triggers poverty exit.

Although employment change is more closely associated with poverty exit and resistance, Jenkins *et al.* (BHPS, 1991–99; 79.13) found that almost a fifth of poverty exits were associated with household change – presumably involving a decrease in the number of household members. The prevalence of the dynamic whereby household change triggered poverty exit was above average for working-age adults without children. While this might be explained by, for example, the departure of a

workless member of the household (thus lowering need and increasing equivalised income), the dynamics involved are not clearly explained in the literature. The impact of movements of individuals in and out of households may not be among the dominant themes for poverty dynamics (with the exception of transitions between lone- and two-parent families) but it stands out as one of the most opaque in the literature. Further research would be useful to make transparent the various types of household change and how they trigger poverty entries and exits.

In terms of poverty resistance, household stability and continuity – rather than change – more commonly offer greatest protection. That is, poverty risks are less for individuals who maintain couple households and avoid separation, and who remain childless or do not increase their family size (thus have fewer children).

Poverty exits can be triggered by improvements in household members' health, but only a minority of those experiencing such improvements left poverty as a result. Staying healthy seems to be important for avoiding poverty.

Employment change has greater impact than family change for women, but it has less relative impact for women than for men. Household change, while far less important for triggering poverty exit than employment change, is likely to be more important for women than men.

For lone parents, household change – including movement from one- to two-parent households – is more significant for poverty exits than for other households. However, over 70 per cent of poverty exits among those in lone-parent families were related to employment changes – even though the efficacy of employment to trigger poverty exit was less for lone parents than for other households (Jenkins *et al.*, BHPS, 1991–99; 79.13). With regard to poverty resistance, there is some evidence to suggest that – for lone parents remaining without a long-term partner – slightly better protection from poverty is afforded by maintaining stable lone-parent households rather than experiencing short-term partnerships.

The events and factors associated with poverty escape and avoidance for households generally are similarly important for children. The dominant factor triggering poverty exit is an increase in the number of full-time workers in the child's household. Employment and family stability are the main protective factors for children. Children in households with one or, especially, two people in continuous employment were most protected. Continuity seems key and indeed Adelman *et al.* (1991–99, BHPS; 82.3) suggest that children in households with no workers in each year were at less risk of poverty than those in households where people had moved out of – or in and out of – employment. Children in two-parent families are least likely

to enter poverty. Children in stable lone-parent households were less likely to enter poverty than those in families which had moved in and out (or out and in) of lone parenthood (Adelman *et al.*, BHPS, 1991–99; 82.3).

Only 5 per cent of poverty exits at most among older people were associated with employment change, although for those who did experience increases in the number of workers or wages in the household nearly 90 per cent exited poverty (Jenkins *et al.*, BHPS, 1991–99; 79.13). A far more common exit trigger for older people was increases in personal and occupational pensions or savings and investments which accounted for 30 per cent of poverty exits among single pensioners and 48 per cent among pensioner couples (Jenkins *et al.*, BHPS, 1991–99; 79.13). Partnership in old age seems to offer some protection from poverty, though the greatest protection is associated with having had sustained work histories and receiving a good pension (Bardasi *et al.*, BHPS, 1991–99; 10.11).

Poverty dynamics: lessons for policy

One of the overarching implications of poverty dynamics research for social policy is the need to adopt a more differentiated classification of poverty. Recognition of transient poverty, recurrent poverty and persistent poverty, respectively, would seem to be a vital step towards improving the effectiveness of policy in targeting anti-poverty initiatives and evaluating those initiatives. Cutting across this, greater understanding is needed of how poverty varies in relation to the depth of severity.

Another overarching implication of poverty dynamics research is the need for policy to adopt a more dynamic perspective. In most government research, poverty is defined in relation to a relative income threshold: those whose income falls below this threshold are defined as poor; those whose income exceeds this are not. Poverty dynamics research reminds us that poverty does not work like this, and that escaping poverty is not simply a matter of stepping over a line from one fixed state to another. Instead, poverty is dynamic: it relates to people's circumstances over time, and these circumstances are subject to change across the life course. Lifting people above the income poverty threshold at one moment in time is no guarantee that they will remain above that threshold. If their time above the threshold is short-lived, it is unlikely to represent a genuine movement out of poverty in terms of their material conditions (let alone in terms of the consequences of poverty for life chances, such as poor health and absence of occupational pension provision). Indeed, the literature reveals the extent of recurrent poverty and the churning of the same people in and out of poverty. This means that if social policy focuses only on poverty exit, and not on keeping people out of poverty, it is likely to devote successive waves of resources on many

of the same individuals and because many of these will still return to poverty, efforts to eradicate poverty will be inherently undermined. What this suggests is the need for policy to broaden its perspective from one from which change is viewed simply as transitions between fixed states (e.g. poverty to non-poverty or unemployment to employment). Instead, a dynamic policy perspective is required to address poverty dynamics, one which views change as processes in the context of the life course.

The main thrust of the Government's strategy to combat poverty is through employment. The research endorses the fact that this indeed should be the primary approach: employment is the surest factor in triggering exits from poverty and protecting from entry to poverty. Workless families and children in workless families are among those most vulnerable to persistent poverty, as are lone parents and disabled people – groups specifically targeted in the recent welfare reforms. However, poverty dynamics research also identifies that loss of employment is the single most significant cause of entry to poverty. Although the Government's 2005 Opportunity for All report suggested that 'the entire process where people slip from employment into worklessness' (DWP, 2005b, p. 6) would be addressed in the welfare reform plans, the issue of job retention remains understated in current policy. Provision for 'making work pay' through tax credits is likely to help retention, but can only be a partial measure. The research also highlights that employment does not guarantee freedom from poverty. Working Tax Credit is important for reducing in-work poverty, but the Government acknowledges that in-work poverty remains a substantial problem (Hutton, 2006). For many individuals, in-work poverty is likely to be a consequence of a lack of job progression. Furthermore, from a dynamic policy perspective, entry into employment represents a single point of the broader process of 'being in work' and thereby exiting and remaining out of poverty. From this perspective, job retention and job progression are important to ensure that the potential for employment to secure genuine (sustained) freedom from poverty is realised. Current policy addresses these issues to a limited extent by working to improve education and skills and piloting employment retention and advancement initiatives for selected client groups but, overall, policy to improve job retention and progression is markedly underdeveloped.

Sustained, progressive employment is crucial for escaping and avoiding poverty not only on a year-to-year basis, but also across the life course as a whole. The higher incidence of poverty among women and persistent poverty among older people is rooted in the quality of their employment histories. The higher risks of poverty for these groups will be difficult to reduce without operationalising a life-course perspective.

A dynamic, life-course perspective highlights that employment history constitutes both periods of employment and transitions between employment. For many, these transitions will be interspersed by periods out of employment, for example unemployment, to undertake childcare, or illness. Currently, these points of transition represent 'flash points' for entering poverty. For example, loss of work is the most common trigger of poverty, movement from a two- to lone-parent household often coincides with job loss, and children with a parent moving in and out of illness are just as disadvantaged as those with persistently ill parents. Recent policy is more sensitive to the potential problem of financial volatility when people move from benefits into work. This is apparent in provisions such as the Lone Parent Benefit Run-On and Linking Rules for disabled people. However, there is not the same attention given to 'smoothing' the income of people moving from employment to benefits. Greater support for individuals at these points would reduce recurrent poverty. The literature suggests that those who experience poverty are more likely than those who did not to become poor again in the future. This means that protecting people from entering poverty in the first place at these risky points of transition is likely to keep some at-risk households free from poverty throughout the life course.

2 Reviewing UK research on the dynamics of poverty

The dynamic perspective

This report is based on a major review of longitudinal research of poverty in the UK between 1995 and 2004. Longitudinal research traces change in the circumstances for the same individuals over time to reveal the dynamics of poverty. It stands in contrast to the dominant approach towards researching poverty in the UK – that is, surveys of the extent of poverty at a single point in time.

The dynamic perspective presents a dramatically more comprehensive understanding of poverty than point-in-time studies, and highlights the limitations of point-in-time studies. In UK social policy, poverty – relative income poverty – is officially classified and measured as being where a household's income is below a given threshold. The current official poverty rate is determined through point-in-time surveys and change in the poverty rate is estimated through comparison of two or more such surveys taken at intervals. Each survey draws on independent representative samples and so they are unlikely to include the same individuals. This approach thus entails capturing 'snap shots' of the number of low-income households at the time of each survey, with change in the poverty rate calculated as the difference in the number in poverty at one survey compared with the number in poverty at the time of a subsequent survey.

This approach leads to two problematic assumptions. First, because it cannot trace individual households over time, it assumes that the bulk of households in poverty at one point are the same households found in poverty at later points. Second, it assumes that poverty can be taken as a homogenous experience: distinctions are not made in terms of severity or length of poverty. This leads to a tendency to perceive of poverty as relating to a homogenous population, 'the poor', in binary opposition to the non-poor. 'The poor', from this perspective, represent a relatively static population, except for those who cross the threshold into non-poverty.

However, a contrasting story of poverty is revealed if we trace the same households over time. Dynamics research reveals how experiences of poverty vary widely, and the notion of 'the poor' as a homogenous, static population is misleading. Instead, while some people will experience brief, one-off episodes of poverty, others will move in and out of poverty on a recurrent basis, and others still will live in poverty for a continuous, sustained duration.

In contrast to dynamics research, single point-in-time surveys cannot identify persistent poverty or who is unable to escape unrelenting poverty. Moreover, because they cannot trace people's movement in and out of poverty, they underestimate the number of people who experience poverty over a period of time. Such insights from dynamics research are important for informing movement away from a 'one-size-fits-all' anti-poverty policy and towards developing tailored and targeted strategies to tackle poverty more effectively.

Despite this, understanding of poverty dynamics is not clearly evident in current UK social policy. Although poverty dynamics research has been undertaken in the UK since the 1990s, marked by the introduction of the British Household Panel Survey (BHPS) in 1991, its potential contribution to policy development has not been fully drawn upon. In order to take stock of the evidence and produce an accessible and comprehensive overview of poverty dynamics in the UK, the Joseph Rowntree Foundation commissioned the Centre for Research in Social Policy to undertake a systematic review of the literature. The main aims of the review were to produce findings that will:

- inform policy in relation to the reduction/eradication of poverty and disadvantage and their outcomes
- highlight gaps in the research on poverty dynamics that might be filled by a future research initiative.

The figures presented in this review should be read with caution both because findings are taken from research spanning well over a decade and may be out of date, and because the literature uses a range of poverty measurements, including different relative income thresholds. Reference to poverty rates should be taken as illustrative rather than definitive. However, what the review can present with confidence are the dynamics of poverty – the different forms of poverty, how it is experienced by different social groups, and how people enter and leave poverty.

This chapter begins by considering the social policy context of the review and the background to dynamic poverty analysis in the UK. We then describe the systematic review methodology used in the project before outlining the literature included in the review. Finally, we offer a plan of the chapters in the report.

Social policy context

It is over six years since the Government made its historic, ambitious pledge to end child poverty by 2020, and five years since it set a target that by 2021 no one should be disadvantaged by where they live (Social Exclusion Unit, 2001). In addition, pensioner poverty has been an explicit and consistent focus of government strategy in the Opportunity for All reports. These targets have been followed up with sweeping social policy reforms and numerous policy initiatives. As a result, some progress has been made, particularly in relation to child poverty – which has been reduced by a fifth – and pensioner poverty, with a million fewer older people in relative poverty than in 1997 (Hills and Stewart, 2005; DWP, 2006; Hirsch, 2006). However, in 2006, the Government had fallen short of meeting its target of reducing the number of children in relative poverty by a quarter (DWP, 2006) and it is anticipated that, under present policies, the rate in decline in childhood poverty is likely to trail off (Hirsch, 2006). Moreover, there are no targets for poverty among the general population, and poverty rates actually increased among working-age people without children to record levels by 2002–03 (Hills and Stewart, 2005).

Measures to reduce poverty in the UK include increasing financial support to priority groups, notably Child Tax Credit for families with children and means-tested Pension Credit for older people. However, the Government's main strategy to tackle poverty is to increase employment rates. This is seen clearly in the expanding New Deal programmes and welfare reform agenda which focus on getting lone parents, disabled people and older workers into employment. Working Tax Credit is also key here, providing additional support to low-income workers to try to ensure that 'work pays'.

Current policy does attempt to grapple with addressing poverty in the longer term, insofar as education and pension reforms look to breaking generational cycles of disadvantage and avoiding pensioner poverty in the future. The Government claims a life-course perspective in working towards a fairer, more inclusive society.

There are important links between poverty in childhood and lifelong disadvantage. Experience in early years – through the quality of education and the link to aspiration – is a crucial factor in breaking the cycle of deprivation that leads to unemployment and inactivity. Lack of opportunity to work in adulthood in turn restricts people's ability to build assets throughout their life, save for retirement and achieve security in later life. This in turn influences the ability to break intergenerational disadvantage and under-achievement.

(DWP, 2006, p. 5)

In practice, however, from a dynamic perspective current policy has a relatively static focus or, at least, is oriented towards fixed points of transition rather than to lived processes over time. This is exemplified in the Government's approach towards employment. Employment is certainly important to lift people out of and protect them from poverty. However, employment in itself does not guarantee escape from poverty and the Secretary of State for Work and Pensions recently highlighted that 'around half of the children living in Britain today live in a household where an adult is already in work' (Hutton, 2006). Transitions from unemployment into employment, while crucial, are only the beginning of a process, and it is through sustained retention in work and progression up pay scales that people will be able to secure poverty-free lives. Despite this, retention and progression remain muted aspects of the employment strategy.

More broadly, the focus on fixed transitions implicit in current policy mirrors assumptions about the nature of poverty in policy. By default, 'poverty' is classified as a single, homogenous experience, defined through its binary opposition to non-poverty. From this perspective, it makes sense for the focus of anti-poverty policy to fall on triggering transitions out of poverty. However, from a dynamic perspective, we see that many people move back and forth across the poverty line and, for these, a transition out of poverty at one point in time does not equate with a meaningful escape from poverty.

Dynamics research also highlights another group of people who experience persistent poverty. Seeing poverty as a diverse experience calls for policy to identify and prioritise what type of poverty it aims to address. Persistent poverty is likely to be associated with entrenched, deepening and life-long disadvantage and, arguably, people in persistent poverty are those most in need of intervention. However, because it does not differentiate between types of poverty, it is unclear to what extent current policy reaches those most in need or to what extent it helps only those experiencing transient poverty – those who may have left poverty 'naturally', without interventions.

Despite the significant progress made by the Government in addressing poverty, it has not yet been as far-reaching as anticipated. Based on the review of the dynamics literature, a contention of this report is that progress has been held back by a failure to target persistent poverty or to safeguard against re-entry to poverty and so prevent recurrent poverty.

A brief background to dynamic poverty analysis in the UK

The dynamic theory of poverty was first expounded by Rowntree at the beginning of the twentieth century (Rowntree, 1901). Compared with other countries, the UK has a longer tradition of birth cohort studies (following a group of individuals born in the same year through childhood and adulthood), including:

- the National Survey of Health and Development, begun in 1946 and with 20 further collections of data (the latest being in 1999)
- the National Child Development Study, started in 1958, with follow-up surveys in 1965, 1969, 1974, 1981 and 1991
- the 1970 Birth Cohort Study with follow-up surveys in 1975, 1980, 1986 and 1996.

However, these studies were not designed to provide an understanding of changes in living standards over time; rather their focus was on child development. For example, no income data were collected at birth in the National Child Development Study and, while later waves of the survey attempted to measure total household income, it has been reported that these met with limited success (Micklewright, 1986; see also Grawe, 2004¹).

Among UK academics, interest in poverty dynamics began, arguably, with Walker and Ashworth's secondary analyses of the United States (US) Panel Study of Income Dynamics in the early 1990s to investigate the dynamics of childhood poverty (Walker with Ashworth, 1994). This followed earlier research using the same data set by US academics such as Hill (1981), Bane and Elwood (1986) and Murray (1986). However, dynamic analysis of poverty in the UK population remained limited by the lack of availability of suitable longitudinal data. Therefore, the study of poverty over time was largely limited to point-in-time comparisons of poverty rates using repeat cross-sectional surveys such as the Family Resources Survey.

The development of genuinely dynamic approaches to the study of poverty in the UK can be traced to the introduction of the British Household Panel Survey (BHPS) in 1991. The survey began with a representative sample of 5,500 households across Great Britain, and the same households are re-interviewed each year so that the BHPS now includes 13 years or 'waves' of data. Alongside the BHPS, other longitudinal data have recently become available, including, for example, the European Community Household Panel (ECHP, although this has now ended) and the Families and Children Survey (FACS).

Some important UK studies have not been included in this review. These include the Millennium Cohort Study and the English Longitudinal Study of Ageing, the first findings for which were only published after the material for the systematic review had been collected. The Office for National Statistics Longitudinal Study links individual census records over time, but does not appear in this review because census records do not include information on individuals' financial circumstances.

A systematic approach to reviewing poverty dynamics research in the UK

Traditional narrative reviews of literature can involve bias reflecting, for example, an unsystematic or purposive selection of literature, or the reviewers' particular interests. In contrast, the purpose of systematic review methodology is to provide a comprehensive and unbiased assessment of available literature on a given subject. The application of systematic review techniques in relation to social policy questions is relatively recent, systematic review having developed largely in the medical world in relation to the study of health interventions (Centre for Reviews and Dissemination, 2001). Systematic reviews work by using a transparent, detailed search strategy which determines in advance of a review where and how literature will be searched, and what criteria in terms of relevance and quality will be applied to determine whether literature is included. This methodology ensures not only that a complete, clearly defined body of literature is included but also that a robust and consistent approach is used in retrieving, appraising and synthesising the literature. The strategy and criteria employed in this review are detailed in a 'protocol' which is available at http://www.crsp.ac.uk/projects/poverty_dynamics.html. The review involved three phases: an initial trawl, a screening exercise and a synthesis of the literature.

Initial trawl

A 'master search strategy' was developed for web-based bibliographical databases, which involved trawling for all potentially relevant references in these databases using combinations of pre-specified search terms. Fifteen databases were searched, as listed below:

- Article First (OCLC)
- ASSIA (CSA)

- British Humanities Index (CSA)
- British Library Catalogue
- Caredata
- PsycInfo (BIDS)
- Regard
- IBSS (BIDS)
- Index to Theses
- Rlab (London School of Economics)
- Social Services Abstracts (CSA)
- Sociological Abstracts (CSA)
- UKOP
- Web of Science
- ZETOC.

In addition, 36 websites (see Annex C) were hand-searched using the inclusion/exclusion criteria discussed below.

Literature included in this review was identified in database searches carried out between July and September 2004, and in website searches carried out between November 2004 and January 2005. In total, over 10,000 references were identified at this stage.

Screening

Seven criteria were used at this stage to determine which material was to be kept in the review and which was to be screened out (Table 1). These inclusion/exclusion criteria were key to how the project defined 'UK poverty dynamics research'.

Table 1 Inclusion and exclusion criteria

Exclusion number	Inclusion criteria	Exclusion criteria
1 (<i>topic</i>)	Studies that relate to poverty in the UK (including comparative studies which analyse the UK)	Studies that do not relate to poverty or not on poverty in the UK (either single-country studies or comparative studies that do not include the UK)
2 (<i>timing of evidence</i>)	Studies investigating evidence from 1946 onwards	Studies investigating periods before 1946
3 (<i>study design</i>)	Studies based on empirical evidence	Book reviews, discursive material (e.g. opinion or policy pieces), conference papers, (non-systematic) literature or research reviews and newspaper or magazine articles will be excluded. Where there are duplications of the same material in more than one study, just one of the studies will be chosen. If the evidence differs, however, all the studies would be included
4 (<i>nature of evidence</i>)	Studies that measure the poverty status of the same individuals, families or households over time – in other words, using longitudinal data (quantitative or qualitative)	Studies that do not measure the poverty status of the same individuals, families or households over time – either they do not investigate individuals, families or households and/or they use cross-sectional data
5 (<i>indicators measured</i>)	Studies that measure poverty using indicators of income poverty, expenditure poverty, material deprivation or subjective poverty	Studies that measure income (inequality) (without specific reference to poverty), or measure poverty using alternative concepts such as benefit receipt, or measuring social exclusion (which is not defined as income poverty, expenditure poverty, material deprivation or subjective poverty)
6 (<i>outcomes measured</i>)	Poverty measures used to compare poverty status over time must be consistent within each study	Studies that measure other outcomes, but not poverty status, or measure poverty differently over time
7 (<i>quality appraisal</i>)	Studies will be included if they meet all the essential quality criteria. See Table 2	Studies will be excluded if they do not meet all the essential quality criteria. See Table 2

It should be noted that the four indicators of poverty (criterion 5) were chosen in order to exclude other indicators which are often confused with poverty, such as poor health, living in a deprived area, and so on. They were also developed so as to exclude studies which analyse social exclusion – unless of course ‘social exclusion’ is used (as it often is) to describe income poverty, material deprivation, expenditure poverty or subjective measures of poverty. These indicators also excluded studies of income inequality which do not include a focus on poverty. Finally, and perhaps most crucially, studies investigating benefit receipt transitions were excluded. Although these transitions are sometimes used as proxies for movements into and out of poverty, they are often associated with movements into and out of employment. If these transitions had been included, it also would have been necessary to include movements into and out of unemployment/workless households. Similarly, studies investigating the dynamics of low pay/low earnings were also excluded.

In the light of the volume of references identified during the initial trawl, a pragmatic quality appraisal tool was designed to ensure that the review did not include studies of a quality which was ‘inarguably’ problematic. This approach meant that studies were excluded if they included evidence to show that they clearly contravened the quality criteria. The onus was not on reviewers to determine that each study fully met each criterion, e.g. by contacting authors in cases where more detail about methodology would have been necessary to ascertain this. Similarly, it was not the intention to use these quality criteria to assess ‘how good’ a study was, but simply whether it was ‘good enough’ to form part of the evidence for this review. The quality criteria included five points (see Table 2).

Table 2 Quality appraisal criteria

(a)	Is there evidence to suggest that the study design is not appropriate to answer the research question?
(b.i)	Qualitative: Is there evidence to suggest that the sample is not adequate to explore the range of subjects and settings, i.e. that it has not been drawn from an appropriate population?
OR	
(b.ii)	Quantitative: Is there evidence to suggest that the sample size is not adequate for the analysis used, or that it has not been drawn from an appropriate population?
(c)	Is there evidence that the data collection was not rigorously conducted to ensure confidence in the findings?
(d)	Is there evidence about the data analysis to suggest that we cannot be confident in the analysis or the findings?
(e)	Is there evidence to suggest that the findings are affected by theoretical or ideological bias to an unreasonable degree?

The screening exercise was in two phases. The first phase involved considering references by title or abstract in order to screen out studies which clearly did not meet the inclusion criteria, and to thus identify for which references full texts were required. This reduced the volume of references from over 10,000 to 1,320. These references were then manually entered into 'Refworks' (an online bibliographic management programme) and, after duplicates were removed, 949 references remained. For each of these, the full text was screened using the inclusion/exclusion criteria and the quality appraisal criteria. The predominant reason for rejecting literature was that it did not meet the inclusion/exclusion criteria. Of those that did, only two studies were rejected on grounds of quality. At the end of this process, 115 references remained for the final review and synthesis.

Synthesis

The final 115 references were initially reviewed using a structured Review tool to 'map out' key descriptives of each study, and to summarise the research question of each study as a guide to the thematic synthesis. Findings from each of the studies were reviewed thematically using qualitative thematic analysis techniques. General thematic foci were developed for the research protocol and then refined by the project team in the light of preliminary reviewing. These themes are outlined in the description of the structure of this report at the end of this chapter. The review focuses on findings in studies which were generated directly from longitudinal analyses; it does not cover authors' broader interpretations or policy recommendations.

Reviewed literature

The review included one dissertation, seven books, 20 book chapters, 25 journal articles, and 62 reports including government reports, working papers and conference papers. Full details about the references (the 'map' of the references) are available at http://www.crsp.ac.uk/projects/poverty_dynamics.html. The earliest studies captured in this review date from 1973, and include analyses of the National Child Development Study (NCDS). However, given the development of dynamic poverty research in the UK as outlined above, marked by the launch of the BHPS in 1991, it comes as no surprise that the vast majority of the reviewed literature dates from the late 1990s onwards. Of the 115 studies, 26 were published between 1995 and 1999, and 85 were published between 2000 and 2004.

Although the review protocol was designed to be inclusive of both qualitative and quantitative studies, only one qualitative study was identified in the systematic search strategy which met the inclusion criteria. Cohen *et al.* (10.35) combine two fieldwork projects to provide some rich qualitative data, albeit with limitations in terms of longitudinal analysis of change over time among the same individuals. Apart from this, all the studies in the review are quantitative.

Over half of the studies (62) used the BHPS, either solely or in conjunction with other data sets. Twenty-five analysed the ECHP.² Over a quarter were based on birth cohort studies, the National Survey of Health and Development, the 1970 Birth Cohort Study and, most frequently, the NCDS. Other data sets used included the FACS and the Programme of Research into Low Income Families (a DWP – then Department of Social Security – research programme undertaken from 1991 which included some longitudinal analyses). About a tenth of the studies used two or more data sets.

Reflecting the data sets most commonly used, three-quarters of the studies focus on ‘year-on-year’ dynamics. Typically based on the annual panel surveys, these trace people’s movements into and out of poverty – or their persistent experience of, or resistance to entering, poverty – from year to year. The birth cohort studies inform longer-term dynamics. For example, about 20 studies examine the dynamics of poverty over the life course, from childhood to adulthood, while about ten studies consider intergenerational change within families through comparison of parents’ circumstances at one point in time with those of their children when they reach adulthood.

The different methods used in the literature to measure poverty are discussed in Chapter 3. As this discussion will highlight, the dominant measurement employed is income, usually equivalised household income. Over a hundred of the studies in the review analyse poverty dynamics in terms of income. More than 30 studies measure poverty in terms of material deprivation, while about 20 use subjective measures, for example self-reported financial hardship. A number of studies combine different measures, most commonly – though not exclusively – material deprivation alongside subjective measures.

Chapter plan

Chapter 3 draws from the literature to introduce some of the different dimensions of poverty. Understandings of poverty vary according to the type of measurement that

is used (for example, whether measured by income or material deprivation) and in terms of the relative depth of poverty and length of experience. Static and dynamic perspectives result in very different views of poverty, and dynamics research can differentiate between temporary, recurrent and persistent experiences of poverty.

The *raison d'être* of longitudinal research is to offer insight into change for individuals and families, and so it was vital that the synthesis was organised in such a way as to reflect and convey this dynamic perspective. Chapters 4 and 5 deal with how people enter poverty. Chapter 4 reviews findings from the literature on the 'events' which 'trigger' episodes of poverty for people. Events which trigger poverty for one person will not trigger it for another. Chapter 5 considers 'at-risk groups' and the individual and household characteristics associated with entering poverty. Chapter 6 then looks at the outcomes of these triggers and characteristics. First, we discuss findings which identify the key factors associated with persistent poverty. Second, we look at findings about the consequences of poverty for people's opportunities and well-being. Chapters 4 to 6, therefore, consider people's movements into poverty and their experiences in poverty. Chapter 7 continues the dynamics theme by reviewing findings about people's movements out of poverty. We look at what events trigger exits from poverty and what factors enable people to avoid poverty in the first place. Chapter 8 concludes the report with a discussion of the findings of the review, and proposes areas for future research.

3 Types of poverty

What we mean by poverty, how we measure it, and how and why the experience of poverty varies for different people over time are just some of the ‘big questions’ in this field. Before examining the substantive findings from the poverty dynamics literature – about the routes into and out of poverty, and the consequences of poverty over time – it is important to consider how the literature frames the concept of poverty, and what it demonstrates about the nature of poverty as viewed from a longitudinal, rather than static, perspective. Hence, this chapter discusses two areas: first, how poverty is defined and measured; and, second, the dynamic dimension of poverty.

Understanding poverty

Income and deprivation

The validity of all poverty research is mediated by the fact that the meaning of poverty is contested. What it means to be poor in the UK is very different to what it means in, for example, developing countries and ‘there is no single concept of poverty that stands outside history and culture. It is a construction of specific societies’ (Lister, 2004, p. 3). The definition most commonly cited in the review literature is that developed by the European Union Poverty Programme:

The poor shall be taken to mean persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State in which they live.
(EEC, 1985)

Lister (2004) highlights the distinction between definitions of poverty and measurements: measurements represent techniques to operationalise definitions in order that ‘the poor’ can be identified and researched. The dominant measure of poverty in the review literature is income. With reference to the EU definition, Whelan *et al.* explain that ‘the general rationale for framing poverty lines in terms of relative income poverty relates to the fact that those falling a certain “distance” below the average or normal income level in the society are unlikely to participate fully in the community’ (CW1, p. 2).¹ Jarvis and Jenkins question the empirical validity of income as a measure for poverty – in the context of alternative approaches such as expenditure measures and multiple deprivation indices – but use the terms

'low income' and 'poverty' interchangeably (69.9, p. 4). Whatever the merits of their argument, none of the studies captured in our review used expenditure measures: fewer than a quarter used deprivation measures, but most used income measures (exclusively or in relation to other measures).

Household income measures set a poverty threshold: if household income falls below a threshold, members of that household are classified as experiencing poverty. Thus, the child poverty rate is measured as the number of children in households with below-threshold income. Income² thresholds can be measured in a number of ways. Poverty thresholds can be set in relation to the income distribution: those whose household income falls within the lowest quintile³ or decile⁴ of the income distribution are assumed to be living in poverty. Alternatively, thresholds can be set at a specified proportion of the national mean or median income. Although the cut-off point is essentially arbitrary, conventional measures have changed over time (69.70, p. 18). The conventional threshold used to be half of average (mean) income. Jarvis and Jenkins's early studies,⁵ for example, tended to define an absolute poverty line as half of (1991) mean income (a figure which corresponded in real terms with social assistance benefit levels in 1991–95 [1.89]). However, it has become increasingly common to use relative income thresholds constructed in relation to the national median income and, in particular, poverty lines of either 50 or 60 per cent of median income. According to Muffels *et al.* (79.9), the former measure is favoured in European Commission research generally, while the 60 per cent measure is preferred by the UK Government (DWP, 2003) and by European Commission cross-national comparisons (Eurostat, 1998). In addition to the 50 or 60 per cent threshold, a few studies also consider alternative thresholds, ranging from as low as 40 per cent⁶ to as high as 70⁷ or even 75 per cent.⁸

After income measures, the next most common measure of poverty in the literature is deprivation (sometimes referred to as material or multiple deprivation or disadvantage, hardship, or living standards).⁹ Income represents an indirect measure of poverty – a proxy for exclusion, based on the assumption that those whose income falls below a certain level are deprived of the items and opportunities required to achieve a minimum acceptable way of life.¹⁰ Deprivation indices are therefore more direct measures of poverty. Typically, deprivation indices record whether people own essential items or undertake certain activities – and, if not, whether this is because they cannot afford them – and whether they are able to manage family finances. There are various deprivation indices, often involving different configurations of items. To offer an example, one of the more comprehensive indices is the five dimensions of non-monetary or lifestyle deprivation used by Eurostat:¹¹

- basic lifestyle deprivation – comprising items such as food and clothing, a holiday at least once a year, replacing worn-out furniture and the experience of arrears for scheduled payments
- secondary lifestyle deprivation – comprising items that are less likely to be considered essential such as a car, telephone, colour television, video, microwave and dishwasher
- housing facilities – such as the availability of a bath or shower, an indoor flushing toilet and (hot) running water
- housing deterioration – the existence of problems such as a leaking roof, dampness and rotting window frames
- environmental problems – problems relating to noise, pollution, vandalism and inadequate space and light.

In the review literature, basic and secondary lifestyle deprivation indicators are the core measures, while use of housing and environmental indicators is relatively rare.

Deprivation indices often include a 'subjective' measure of poverty: where people are asked whether they have experienced financial hardship this is interpreted as self-reporting of poverty. Generally, when it is used, this indicator is measured alongside other deprivation (or income) measures. However, a number of studies in the review employ subjective measures as their primary indicator of poverty.¹²

Depth of poverty

Most studies do not distinguish between different levels or depths of poverty, and a single threshold tends to be used as a 'cut-off' between poverty and non-poverty. Where different thresholds are used, this is often to consider the effect these have on estimating the number of people moving in and out of poverty, rather than to compare the experiences of people in different degrees of poverty. For example, in order to look at the extent of movement into and out of poverty, Bradbury *et al.* used two measures of 50–60 per cent and 40–50 per cent to describe those 'near poverty' and 'just below the line' (1.14ch4). Like Bradbury *et al.*, Jarvis and Jenkins found that different thresholds can have a significant impact on estimates of the incidence of persistent poverty, 'especially if thresholds are located in a relatively crowded section of the income range' (1.89, p. 128; see also 17.33, 69.79, 69.82).

While increasing the poverty threshold increases the number of people identified as poor, it does not necessarily change findings about the patterns of poverty dynamics. For example, McCulloch (53.20) and Oxley *et al.* (7.49) suggest that while different thresholds change poverty rates, poverty trends over time are broadly unchanged. Whelan *et al.* demonstrate that use of a 60 per cent or 70 per cent threshold did not affect the main findings in their study of deprivation and poverty persistence (10.12). Similarly, Ruspini (10.20) uses three thresholds to investigate gender and poverty – 40, 50 and 60 per cent to identify the ‘very poor’, ‘poor’ and ‘near poor’ – but the resulting article only reports findings associated with the 50 per cent measure as findings emerging from use of the higher and lower measures were not found to be substantially different (10.20, p. 312).

In terms of deprivation measures, distinctions can be made on the basis of ‘scores’ calculated on the basis of the number of items counted on the relevant indices. For example, Vegeris and McKay make a distinction between families scoring zero, one to two, and three or more on their nine-point scale to differentiate between families in ‘no hardship’, ‘moderate hardship’ and ‘severe hardship’ (64.19). Alternatively, Adelman *et al.* (82.3) use a blend of income measures (at the 40 per cent threshold) and deprivation measures for their classification of ‘no poverty’, ‘non-severe poverty’ (income poor or deprived) and ‘severe poverty’ (income poor and deprived).

Temporal dimensions of poverty

As noted in Chapter 2, the availability of data in the UK means that poverty dynamics can be viewed on a year-to-year basis, across the life course from childhood to adulthood, or in terms of intergenerational change or continuity within families. The majority of studies in the review focus on ‘year-on-year’ dynamics, and it is this perspective we focus on here.

A striking contribution of poverty dynamics research is that it challenges the traditional view of ‘the poor’ as a homogenous and essentially static population (Walker and Park, 1998; see also 67.6). An optimistic reading of poverty dynamics research is that it shows that, for the majority of people who experience poverty, it is not a fixed, unchanging status. Table 3 draws from the results of three BHPS-based studies to illustrate this.

The table shows most people below the income threshold in 1991 moved above this threshold and out of poverty in one of the following years. A significant minority, however, experience persistent poverty. Using a poverty threshold of 50 per cent of median income, Antolin *et al.* (79.20) found that 6 per cent of their total sample was

Table 3 Poverty persistence: percentage of individuals in poverty (50 per cent of 1991 mean income) in 1991 and, of those, how many remained poor in subsequent years

	1991	1992	1993	1994	1995	1996	1997
69.9 (Jarvis and Jenkins)	17	10					
17.33 (Jarvis and Jenkins)	18	9	6	4			
69.10 (Devicienti)	13	7	5	4	3	2	2

poor continuously between 1991 and 1996. Using a poverty threshold of 60 per cent of median income, Jenkins *et al.* (79.13) found a long-term persistence rate of 8 per cent (seven to nine waves of poverty: BHPS, 1991–98).

The fact that most people who experience income poverty do not do so on a continuous basis should not obscure the fact that a significant proportion of individuals remain in long-term, persistent poverty. On the contrary, a theme across the literature is the profound, cumulative impact of long-term poverty, in contrast to single, temporary spells of poverty. Of note, analyses using the ECHP tend to suggest that the UK not only has one of the highest rates of incidence of poverty in Europe,¹³ it also has one of the highest rates of persistent poverty.¹⁴ Nevertheless, a focus on continuous poverty exposes only part of the picture. Indeed, poverty dynamics research highlights a number of different types of poverty, three typologies of which are presented as examples in Table 4. Based on 15 waves of US data and focusing on childhood poverty, Walker and Ashworth (1994) define six patterns or types of poverty, and makes the point that each, constitutes a different experience. Based on nine waves of the BHPS, Jenkins *et al.* (79.13) identify five patterns. Muffels *et al.* (79.9) develop a four-part typology, based on five BHPS waves.

The notion of ‘recurrent’ poverty occurs in all three models, that is, individuals in households which experience frequent moves from poverty to non-poverty and vice versa. This concept is particularly useful given the arbitrary nature of income poverty thresholds since it allows us to explore the extent to which those moving above the poverty line are genuinely ‘escaping’ from poverty or whether their circumstances have, in fact, changed only slightly. Indeed, the ability of longitudinal research to trace individuals’ movements in and out of poverty results in a progressive and arresting perspective on the extent of poverty in the UK. For example, the UK’s poverty rate is usually based on the number of poor at a given point in time so that, according to government statistics, the current poverty rate (measured at 60 per cent of median income) is 17 per cent, having declined from a peak of 21 per cent in the early 1990s (DWP, 2005a). However, poverty dynamics research has found that the number of people who experience poverty over a period of time is far greater than the number of poor at any one single moment in time.

Table 4 Typologies of poverty

Walker and Ashworth (1994, pp. 122–3)	Jenkins <i>et al.</i> (79.13, p. 20)	Muffels <i>et al.</i> (79.9, p. 9)
No poverty	No poverty	The persistent non-poor (never poor over the five-year window of observation)
Transient poverty: a single spell of poverty lasting a single year	Poor at one interview	Transient poor: once poor
Occasional poverty: more than one spell of poverty but none lasting more than one year; in practice, the duration of relative prosperity always exceeds the duration of poverty		
Recurrent poverty: repeated spells of poverty, some separated by more than a year and some exceeding a year in length	Recurrently poor: either observed poor at two interviews separated by least one spell of non-poverty, or three to six spells of poverty separated by at least two spells of non-poverty	Recurrent poor: more than one spell of poverty but never longer than two consecutive years
Persistent poverty: a single spell of poverty lasting between two and 13 years.	Short-term persistent poverty (either two consecutive spells of poverty, or three to six spells separated by at least two spells of non-poverty)	Persistent poor: poor for a consecutive period of at least three years
Chronic poverty: repeated spells of poverty never separated by more than a year of relative prosperity		
Permanent poverty: poverty lasting continuously for 15 years	Long-term persistent poverty: seven to nine waves	

Table 5 summarises findings about the percentage of BHPS respondents who experienced recurrent spells of income poverty, and about the number of spells experienced. This shows that, over the seven-year period analysed, between a quarter and a third of the population experienced income poverty at least once – about twice the average poverty rate for any fixed moment in time (see also 69.11). Similarly, Nolan and Maitre found that, in the ECHP as a whole between 1993 and 1995, 27 per cent of people fell below a 60 per cent median income threshold, compared with a 1995 poverty rate of only 17 per cent (59.1.31ch3; see also 69.91). The literature also suggests that the longer the window of observation, the more people experience poverty. For example, Jenkins *et al.*'s analysis on the first nine waves of the BHPS found that 34 per cent experienced poverty (60 per cent of median income) during a four-wave window, compared with 47 per cent who had been in poverty at least once during the nine-wave window (79.13). This highlights the fact that far more people experience poverty than the static poverty rate suggests.

Table 5 also illustrates the proportion of people who experience multiple episodes of poverty. While a minority experience continuous poverty, many more individuals face repeated spells of poverty. Although people in poverty constitute a changing population, there is also much 'churning' of the same individuals in and out of poverty. One reason for this is that, for many, income mobility tends to be short-range. For example, Jarvis and Jenkins's (17.33) analysis of the first four waves of the BHPS found that although half of those in the poorest decile (averaged for the first two waves) are not in the poorest decile in the third/fourth waves, about one half of these do not make it beyond the second poorest decile. So, 'of the poorest tenth in one period, three quarters are to be found in the poorest fifth next period' (17.33, p. 12).

Perhaps largely as a consequence of this, recurrent and persistent poverty is concentrated among certain households (17.33, 69.10, 79.13, 79.14, 79.2, 79.20). Layte and Whelan's (69.91) analysis of the 1994–98 ECHP compares the proportions of those who actually experienced recurrent and persistent poverty with the proportions that would be expected to experience it based on a projection of the cross-sectional average over the same period. If individuals had equal chances, it was projected that 72 per cent of the total sample should have experienced at least one episode of poverty (70 per cent median) over the period, and less than 1 per cent would be in poverty for four years. In reality, poverty was far less equally distributed: only 45 per cent experienced poverty at all and 13 per cent were poor (70 per cent median) for four years.

Table 5 Number of periods of poverty* experienced (not necessarily continuous)

	Average point-in-time poverty rate	(At least)									
		One	Two	Three	Four	Five	Six	Seven	Eight		
Jarvis and Jenkins (69.9) 1991-92	17	24	10								
Jarvis and Jenkins (17.33) 1991-94	-	31	18	10	4						
Jenkins (69.40ch5) 1991-96	14	32	19	11	7	5	2				
Deicienti (69.10) 1991-97	15	32	21	15	10	7	4	2			
Deicienti (79.14) 1991-98	15	32	18	11	8	5	3	2	0.5		

* Poverty measured as 50 per cent of 1991 mean income.
Data source: BHPS.

New perspectives on poverty: issues for policy and research

Understanding poverty dynamically raises profound implications for policy and the Government's aims to reduce and eradicate poverty. The fact that the static measurement of the poverty rate does not represent and effectively underestimates the number of people who experience poverty over time means that the scale of the challenge is even greater than presented in government statistics and the targets for eradicating poverty even more challenging. At the same time, this new appreciation of the scale and dynamics of poverty may also enhance public support for the fight against poverty in the UK.

Moreover, the extent of recurrent poverty and poverty churning raises critical questions about the extent to which movements above the income poverty threshold represent genuine poverty exits. That is, while these movements will count as poverty exits and lower the official (static) poverty rate, many people only maintain above-threshold incomes for temporary periods. These periods will not always be long enough for people to build up their material resources to the point where they have a meaningful impact on their well-being and security. In other words, 'blips' out of poverty – as experienced by a significant population – may often fail to yield a genuine movement out of poverty. In the light of this, the Government may do well to consider introducing measures and targets to assess – and evaluate progress in relation to – longitudinal poverty rates.

The 'good news' from the literature is that most people who experience poverty leave it quite quickly, but this also highlights the need for policies to recognise and target different types of poverty. People who experience one-off or transient poverty will include those who exit poverty 'naturally', without intervention, so policies need to be prioritised to focus on people facing recurrent and persistent poverty.

Recognising recurrent poverty and the extent of poverty churning highlights the fact that lifting people out of poverty at a single point in time is unlikely to be effective unless measures are in place to keep them out of poverty. In this sense, policy needs to adopt a stronger dynamic focus, concerned not only with points of transition but with trajectories over time. We return to this theme in later chapters.

Persistent poverty is likely to be particularly hazardous to people's well-being. However, because policy does not differentiate between different types of poverty, it can neither target initiatives at people in persistent poverty nor evaluate how initiatives are working for them. A blanket, 'one-size-fits-all' approach to poverty in the UK means that it is difficult to be sure whether anti-poverty strategies address the circumstances of the persistent poor or serve only, for example, to fast-track poverty exit among the transient poor.

The review highlights some of the gaps in the evidence about poverty dynamics in the UK. One of the key findings here is that the literature tends to analyse poverty in relation to a single, defined income threshold, with the result that the literature is relatively light on research of the depth of severity of poverty. The research suggests that recurrent poverty is associated with movements between poverty and near poverty, and that varying thresholds affect poverty rates rather than trends. However, there is a marked lack of detail and exploration on this subject. There are clear research problems in pursuing this area, including the arbitrary nature of income thresholds as proxies for poverty (raising questions about whether distinctions between poverty and near poverty are meaningful at all) and the sensitivity of thresholds to measurement error, especially when the difference of £1 can determine whether a household is classified as poor or not. Nevertheless, in order to appreciate the full dimensions of poverty and so ensure that policy is accurately targeted, insights about the temporal diversity within poverty need to be matched with understanding of how poverty is differentiated by depth of severity.

An associated area for future research might include how and why depth of poverty changes over time, generally and for different social groups, and whether severe poverty is associated more with particular temporal experiences than others. Alongside further statistical analysis, it is likely that qualitative research will help expand understanding of poverty change over time – and this theme too is developed in later chapters. An overarching aim of these endeavours would be to help policies to identify and address the circumstances of people experiencing severe and persistent poverty.

4 Routes into poverty I: ‘poverty triggers’

This chapter is the first part of our review of findings about the causes of poverty in the UK. Dynamics research helps us to make a distinction between two perspectives on this question. This chapter will discuss the events which ‘trigger’ poverty: the changes in circumstances which nudge individuals or households from a state of non-poverty to a state of poverty. These events do not determine poverty universally, and what triggers poverty for some will not lead to poverty for others. Chapter 5 will take this up, and consider the groups most at risk of entering poverty.

Poverty triggers

Findings about trigger events are based predominantly on year-on-year analyses of the changes in individuals’ or households’ labour market participation and demographic characteristics which precipitate poverty transitions.¹ Labour market change includes any change in employment status among household members. Income from employment, along with social welfare benefits or other income receipt (non-labour income), determines the households’ resources. Demographic change most commonly includes the arrival of a new baby or child in a household, separation, divorce, widowhood or re-partnering, or the departure of an adult child from a household. The demographic characteristics recorded about households in surveys usually include the family type and number of people in a household, and the age, gender and health of household members. These characteristics determine the needs of the household. Together, these elements drive poverty dynamics: ‘a household’s living standard can be said to be the result of the balance between the resources of the household and needs of the household across time’ (69.91, p. 2).

Some caution is required when considering how these triggers are dealt with in research. The reviewed research can only suggest the probability of certain events triggering poverty transitions for a survey population, rather than actually identifying what triggered poverty entry for a specific household. At the very least it should be remembered that findings are confined to the data analysed –in terms of either the availability of data (for example, what questions are asked in surveys) or what data are selected for analysis – and this is as true here as it is in later discussion about the routes out of poverty. For example, Jenkins *et al.*’s study of child poverty could not identify the trigger events for half the poverty entries among the sample (after analysis of job change and demographic change). They recognised that ‘our list of events may not include all the relevant ones’ (79.8, p. 11) because of the multiple

configurations of diverse factors involved in causing poverty. Similarly Antolin *et al.*'s (79.20) work on poverty dynamics found that the available data could not explain all entries and exits and that transitions can 'occur where there is no change in either employment or work attachment and, at the same time, changes in employment and family status can happen without any associated poverty transitions' (79.20, p. 16).

Income and labour market change

Demographic and labour market changes can be interrelated, and one may even cause the other. For example, when a couple separate and one partner – who is in waged work – leaves the household as a result, this represents a loss of household income. Nevertheless, by controlling for this, the literature identifies that poverty in Britain is more commonly triggered by labour market change than demographic change (26.1, 69.105, 79.20). Jenkins *et al.*'s analysis of the 1991–99 BHPS found that 61 per cent of all poverty entries were associated with employment/income change compared with 39 per cent associated with demographic events (79.13; see also 69.40ch5, 69.57, 79.20).² Similarly, Layte and Whelan's analysis of the 1994–98 ECHP found that 63 per cent of poverty entries were due solely to a decrease in income, rather than to any increase in needs (69.91).

Income and labour market change encompasses a number of possibilities: job loss, change in labour earnings, change in benefit income, or change in non-labour, non-benefit income. Of these, job loss and change to earnings were most commonly associated with poverty entry. For example, Jenkins *et al.* found that a fall in household labour earning caused more than twice as many poverty entries than did other income change (44 compared with 17 per cent: 79.13). In turn, most of this was associated with a decrease of the household head's earnings (26 per cent), but a fall in the earnings of other household members also had a substantial effect (18 per cent: 79.13). Layte and Whelan (69.91; ECHP, 1994–98) observed that, of those poverty entries involving changing income in the UK, over 20 per cent were associated solely with a decrease in earnings, compared with 13, 5 and 4 per cent respectively associated with changes in social welfare, pension and private income change.

Decrease in labour earnings can result from, for example, movement from full-time to part-time employment, or from higher to lower wages. The fact that these changes can result in poverty highlights the fact that employment does not guarantee resistance to poverty. Indeed, Stewart (ST1) shows the extent of the 'working poor' through analysis of the BHPS (1991–94), which found that between a fifth and a quarter of pre-retirement-age adults in poor households are in employment.

Moreover, Stewart's analysis suggests that becoming low paid triggered poverty: about 14 per cent of pre-retirement-age adults who moved from higher pay to lower pay entered poverty compared with about 1 per cent of those who remained higher paid (ST1, p. 246).

However, it is job loss which stands out as a key trigger. If a household member loses a job or if the number of earners in the household falls, the likelihood of poverty increases strongly (13.153, 17.33, 79.9). Across the EU, a household's transition into dependence on social welfare increases the odds of entering poverty (26.1, 79.20, 82.3). Duncan *et al.* (20.10), drawing on the 1994–95 ECHP, found that individuals becoming unemployed in the UK were seven times more likely to enter poverty than those who remained employed (making the poverty risks associated with becoming unemployed among the highest in the EU). Jenkins's work on the 1991–96 BHPS noted that becoming unemployed accounted for over 50 per cent of those for whom a decrease in labour earnings was the most important event associated with poverty entry (69.11, p. 13).

Demographic change

Entries into poverty – and exits from poverty – are more likely to be triggered by income and labour market change than by demographic change. In turn, demographic change is more important for poverty entry than exit. That is, increased household need is more likely to trigger entry into poverty than decreased household need is to trigger exit from poverty (10.15, 17.33, 69.10, 69.11, 69.57, 79.20). In general, the two most common forms of demographic change which trigger poverty are an increase in the number of children in the household and a transition from a two- to one-parent household, with the latter seeming to have most impact (17.33, 79.20, 79.9). For example, from the 1991–96 BHPS, Jenkins (69.40ch5) estimates that of those who moved from being part of a couple without children to a couple with children, 7 per cent entered poverty at the same time (while only 3 per cent of those remaining in couples without children entered poverty). By contrast, of those who moved from being part of a couple with children to being a lone parent, 22 per cent entered poverty at the same time (while only 6 per cent of those remaining in couples with children entered poverty).

An increase in the number of children in a household usually means the arrival of a baby or, possibly, stepchildren being added to the pre-existing family. Adelman *et al.*'s study of Britain's poorest children (BHPS, 1991–99; 82.3, p. 81) found there had been an increase in the number of children in 28 per cent of families experiencing persistent and severe poverty, compared with 15 per cent of families experiencing no poverty.

We discussed income and labour market change as poverty triggers in terms of the frequency of entries associated with certain events. However, when looking at findings about demographic triggers, it is helpful to take into account the impact different events have for individuals. For example, Jenkins *et al.* (BHPS, 1991–99; 79.13) report that, while only 3 per cent of household poverty entries were associated with a transition from a two- to a lone-parent household, 35 per cent of households experiencing this change entered poverty. (For comparison, 22 per cent of poverty entries were associated with a fall in the number of workers in the household, while 22 per cent of all experiencing a fall in the number of workers entered poverty as a result [79.13]). Similarly, Jenkins *et al.* (79.8; BHPS, 1992–97) indicate that among children entering poverty, 21 per cent experienced a transition into a lone-parent household, and 11 per cent experienced an increase in a number of children in the household. Of children entering a lone-parent household, 42 per cent also entered poverty (see also 10.15, 69.57). In terms of deprivation measures, Vegeris and Perry (FACS, 1999–2001; 10.2), for example, found that 5 per cent of children in families where parents separated moved into hardship (material deprivation, financial problems and /or problematic accommodation).

Trigger variations

As this suggests, job loss or other changes in employment, transition into lone parenthood and the arrival or increase in the number of children in a household represent key triggers for poverty for children and for families generally. However, these factors do not have the same relevance for other individuals/household types

Older people, for example, face different, distinct demographic and income/labour force factors. Death of a partner can trigger poverty. Jenkins (BHPS, 1991–96) considers individuals who move from being part of a pensioner couple to living as single pensioners, and finds that of ‘those who had started non-poor, 9.2 per cent fell into poverty at the same time’ (69.40ch5, p. 123; see also 17.33, 56.1ch2). However, it would seem that income change, rather than demographic change, is more strongly associated with poverty entrance for older people. Jenkins *et al.* (BHPS, 1991–99; 79.13) found that among non-poor pensioner couple households, demographic change (change in household type) accounted for only 7 per cent of poverty entries, whereas falls in benefit income and non-benefit non-labour income – presumably largely state and occupational pensions – accounted for 11 and 46 per cent of entries respectively (see also 55.2). Although retirement represents a trigger for poverty, its relative impact must be considered with caution. Bardasi *et al.* (BHPS, 1991–99; 10.11) argue that retirement is better understood as a process, key to which are employment status and income dynamics in the years leading up to it.

That is, 44 per cent of all those who have just retired are poor (i.e. in poverty in their retirement year). But while 28 per cent of those who are not poor in the year before retirement become poor in the retirement year, 30 per cent of all those who retire are already poor in the year before retirement (10.11).

A similar caution is raised about the relative impact of disability or poor health as a trigger of poverty. On the one hand, Jenkins *et al.* (BHPS, 1991–99; 79.13) identify health as a trigger: 16 per cent of poverty entries for all people in formerly non-poor households were associated with an increase of household members with mental health problems, and 8 per cent were associated with an increase of household members whose daily activities were limited by ill health. Adelman *et al.* (82.3) found not only that children living in households with an ill adult faced higher risks of poverty, but that living with an adult who moved between good and ill health was as disadvantageous as living with a persistently ill adult. On the other hand, Bardasi *et al.* (BHPS, 1991–98; JB7) and Jenkins and Rigg (BHPS, 1991–98; 69.55) argue that the impact of disability as a trigger is tempered by the fact that individuals who become disabled were typically more disadvantaged before the onset of disability than those who do not become disabled. For example, of working-age men who became disabled, 38 per cent were already in the poorest fifth of the income distribution two years previously, which is closer to the poverty rate among disabled working-age men (41 per cent) than among non-disabled men (18 per cent) (JB7).

Leaving the parental home can be another poverty trigger, both for the individual leaving and for those left behind. The departure of an independent child is a relatively common poverty trigger among single, non-pensioner households (17.33, 69.11). Conversely, for Adelman *et al.*, young people leaving the parental home – perhaps as students – risk encountering a 'short-term, dramatic, drop in income' (82.3, p. 79).

More broadly, the relative importance of triggers can vary by gender. Analysis of the 1994–96 ECHP by Bourreau-Dubois *et al.* found that while labour market events were dominant poverty triggers for men, for women both labour market and demographic change were triggers (69.105; see also 20.10, p. 11; V15.5, p. 36). These findings are supported in an earlier study by Ruspini (BHPS, 1991–94) which notes that 'events such as divorce or transition to a female headed family appear to be very significant indicators of transitions into poverty for women, in comparison with men' (17.28, p. 17). An example here is Rigg and Sefton's finding (BHPS, 1991–2000; 55.2) that separation is more strongly associated with a falling income trajectory for women than for men. Moreover, income triggers for men are more likely to impact on their female partners than vice versa: income inequality and the fact that women's careers are more likely to be affected by, for example, childcare responsibilities mean that women are more likely to be relatively dependent on

their male partner's incomes (69.105). For example, Bourreau-Dubois *et al.* show that 11 per cent of women entering poverty are affected by the loss of their male partner's job, whereas 8 per cent of men entering poverty are affected by the loss of their female partner's job (69.105). This dynamic extends into retirement, so that 'women without a partner are about 26 percentage points more likely than women with a partner of becoming poor following retirement' (Bardasi *et al.*, BHPS, 1991–99; 10.11, p. 155) while men without partners face no greater probability of entering poverty when they retire than men with partners.

Smoothing transitions and understanding triggers

Findings from the literature reviewed here have implications for policy and research. In terms of policy, the review highlights that among poverty triggers, loss of employment stands out as a particular 'flash point'. Chapter 6 suggests that we can understand one of the key consequences of poverty as the increased risk of future poverty. Mitigating the risks posed by job loss for entering poverty in the first place is thus a crucial measure in limiting not only immediate and transient experiences of poverty but also, potentially, the start of recurrent and persistent poverty.

The dominant element of the Government's anti-poverty strategy is increased employment among at-risk groups. Reflecting this emphasis, increasing attention is being given to the dynamics of entry into employment. That is, an increasing number of initiatives are being introduced to support people's transitions into employment. For example, in addition to the range of New Deal programmes, financial support to ease transitions into work are available to disabled people in the form of Permitted Work and Incapacity Benefit Linking Rules, to lone parents as Lone Parent Benefit Run-On, and to families generally in Work Search Premiums, In-Work Credit and Council Tax Benefit Run-On. These initiatives are designed to smooth the income of people moving from benefits into employment.

In contrast, the same attention has not been given to the dynamics of losing (and moving between) jobs or to smoothing the income of people moving from employment to benefit. For a majority of people, unemployment is relatively short-lived (in 2006, about 60 per cent of those who experienced unemployment were unemployed for less than six months [ONS, 2006]), yet the risks of entering poverty in this time are high. These risks might be addressed in a number of ways, for example through a more responsive delivery of benefits, by increasing existing benefits, and by increasing financial support for households experiencing brief periods of unemployment between jobs.

There also seems to be a parallel case for addressing and smoothing the transitions of people moving in and out of ill health. That is, the literature suggests that households with an adult moving between good and ill health were as much at risk of poverty as households with a persistently ill adult. Intervention at these points of transition could serve as a 'first line of defence' against poverty entry and the attendant, potentially long-term disadvantages associated with poverty entry.

In terms of research, it should be remembered that findings in the literature about the triggers of poverty are confined to the content of the available data and, essentially, to what questions are asked in surveys. This raises the question of how confident we can be that all the 'right' questions have been asked and, so, whether all potential poverty triggers have been taken into account. Indeed, there are examples of studies in the review which state that the data on income and household change had not been able to explain all the poverty entries experienced by respondents. Thus a second question follows: what other events need to be examined as potential poverty triggers?

A way to address this question would be to develop longitudinal qualitative research of poverty dynamics. Qualitative research is not bounded by predetermined questions and would be able to identify potential poverty triggers through reiterative inquiry with participants 'on the ground'. While statistical analysis looks at what in the data can be associated with poverty entry – drawing from, inherently, a finite list of variables – qualitative research can start from the point of poverty entry and consider its causes with reference to a far less bounded range of possible variables. While such findings from a longitudinal qualitative project could be used to inform survey design, the approach would also lend itself to exploring issues of, for example, personal agency, choice, aspiration and expectation in order to provide a 'bottom-up' perspective and deeper understanding of poverty dynamics.

5 Routes into poverty II: at-risk groups

Not everyone experiencing the employment and family changes discussed in Chapter 4 will enter poverty. This chapter reviews findings about the personal and household characteristics associated with poverty and which, in this sense, suggest who is most at risk of entering poverty.

Regression techniques are often used in order to explore how acute risks are in relation to each other: for example, there is a greater risk of poverty associated with being a lone parent than with living in an area of high unemployment. For a lone parent living in an area of high unemployment, regression analysis allows us to determine what level of risk is associated with family type and what with the locality. However, risk factors overlap in such a way that it does not always make sense to attempt to rank a hierarchy of different factors. For example, it is not possible to say that old people per se are at greater risk of poverty than women per se, because research tells us that older people face greater risk than other adults, women face more risk than men, and older women are more at risk than young women. For this reason, this section is separated in terms of potentially overlapping factors: low income, age, family type, personal history, social characteristics and, finally, environmental factors.

Low income

As was suggested in the discussion about persistent and recurrent poverty in Chapter 3, an overarching finding from the reviewed literature is that people who have experienced poverty in the past are at more risk of entering poverty than those who have not been in poverty, and that the longer someone stays poor the less likely they are to escape poverty.¹ For example, Oxley *et al.* (BHPS, 1991–96; 7.49) found that 30 per cent of the ‘pool’ of people in poverty over a six-year period involved the same individuals revolving in and out of poverty. This is sometimes described in the literature as ‘churning’: poverty may be dynamic, but a substantial number of people seem to remain in or close to poverty by experiencing a repeated cycle of escaping from, then returning to poverty. For example, Jenkins *et al.* (BHPS, 1991–99) found that about 30 per cent of those leaving poverty became poor again within a year. For those in poverty, the chances of escaping decrease over time. Oxley *et al.* observe that the probability of leaving poverty one year after entry was 45 per cent, but only 26 per cent of those who had been in poverty for four years escaped poverty by the following year (7.49). Jenkins *et al.* suggest even less mobility: while over half of

poverty entrants left after a year and a third after two years, the exit rate declined sharply so that, of those poor for seven years, only 19 per cent had left poverty the following year (79.13). This sense of churning and persistence is reflected again in Marsh and Vegeris's observation (British Lone Parent Cohort, 1991–2001; 64.23) that individuals who reported financial difficulties in 1991 were three times more likely to report them in 2001 than those without such problems in 1991.

In addition to these studies of year-on-year dynamics, the lasting impact of poverty is suggested in a number of studies on intragenerational and intergenerational dynamics. For example, Hobcraft's analysis of the 1964–91 NCDS (British National Child Development Survey) found that there was a consistent relationship between childhood poverty and low income at ages 23 and 33 (55.13). Similarly, Gregg and Machin (NCDS, 1958–1991; 59.1.25ch5) conclude that childhood poverty is significantly associated with lower wages and employment probabilities (along with other indicators of disadvantage) at age 33 (see also 7.28, 16.44ch7, 55.12, 55.15ch6, 55.3, 59.4.28). Furthermore, low income during adulthood impacts on poverty in old age. Stewart's retrospective modelling (BHPS, 1992–93) estimates that 'someone from the bottom quintile of the average working-life earnings distribution has a 40 per cent probability of being poor [in retirement, whereas] someone from the top quintile, a nine per cent probability' (69.114, p. 29; see also 69.34).

Regarding intergenerational mobility, Johnson and Reed (NCDS, 1965–91; 1.36) find that sons of fathers who were unemployed or in the lowest income quintile in 1974 were themselves three times more likely to be in the bottom income quintile than in either of the top two quintiles in 1991 (see also 13.43, p. 92). O'Neill and Sweetman's (NCDS, 1958–91) study of intergenerational mobility suggests that 'the son of a person at the top decile of the earnings distribution earns twice as much as the son of a person at the bottom decile ... with sons of fathers who have experienced unemployment having unemployment rates which were twice as high as sons of fathers who were not unemployed' (13.33, p. 17; see also 59.4.25).

This evidence suggests that, to some extent, poverty causes poverty – the 'state dependence' or 'duration dependence' effect (see, for example, 7.28, 52.18, 69.10, 69.19 and 79.14). However, the explanatory significance of this is limited by the fact that people experiencing similar poverty dynamics often share certain social characteristics, suggesting that it may be these which make people vulnerable to poverty, more so than just former experiences of poverty. As such, the predominant interest of the literature is in the different propensities for poverty among people in varying social groups and circumstances, and it is to this that the report now turns.

Age

Age represents a risk factor in the sense that it is the very youngest and oldest in the population who are most likely to be poor (1.14ch7; see also 10.15). Table 6 (taken from Jenkins *et al.*, BHPS, 1991–99; 79.13) shows that children aged under ten and adults aged over 60 were more likely to experience poverty than any other age group. They were also more likely to experience persistent poverty: 20 per cent of under fives and 27 per cent of those aged 75 and over were in poverty for three or four years, compared with just 8 per cent of adults aged 26–49.

Childhood

Poverty in childhood is dependent on household circumstances (and, arguably, on environmental factors) and these factors are considered below. The extent of childhood poverty is a key social policy concern of the current Government, made explicit by the Prime Minister's pledge to eradicate child poverty by 2020. The child poverty rate in the UK (measured in this case as the number of children in households with income under half of the national mean) more than doubled during the 1980s and peaked in the early 1990s, before levelling off at over 25 per cent in 1995–98. This was more than twice as much as in 1969 and 1979, and one of the worst rates (if not the worst rate) among Northern countries (1.14ch4, 1.14ch7, 10.15, 59.1.31ch3). As Hussain notes (ECHP, 1994–98; 13.116), the UK has one of the most pronounced rates of childhood deprivation – comparing material deprivation among children and adults – and the highest rate of childhood deprivation persistence in Europe. More recently, while child income poverty rates have improved, Bradshaw *et al.* (2006) report that Britain is placed towards the bottom of the European league table of child well-being, based on a multidimension index including material deprivation.

The high prevalence and persistence of childhood poverty in the UK has been revealed in a number of studies. Jenkins *et al.* (BHPS, 1991–98; 10.15) found that 57 per cent of children were poor (60 per cent median) at least once over eight waves, with 7 per cent of children in poverty continuously over that period. Bradbury *et al.* (BHPS, 1991–96; 1.14ch4) found that 41 per cent of children experienced poverty at least once over five waves, and 5 per cent remained in this poorest quintile for five consecutive waves. This study also highlighted the extent of 'churning' among children with experience of poverty: 57 per cent of children entering poverty came from a borderline low income (50 to 60 per cent of median income, where 50 per cent is the poverty threshold); 44 per cent of children escaping poverty only moved as far as this borderline income bracket. Indeed, Hill and Jenkins (BHPS, 1991–96;

Table 6 Poverty occurrence by age group (per cent)

Number of times poor in 4-wave window*	0-4	5-9	10-15	16-25	26-49	50-59	60-74	75+	All
0	56	54	63	66	76	74	58	46	66
1	13	13	13	15	10	12	16	16	13
2	10	10	9	10	6	7	9	12	8
3	10	11	7	6	4	5	7	12	7
4	10	12	8	4	4	3	10	15	7
% in subgroup, wave 1 (row %)	7	6	7	14	34	10	15	6	100

* Number of persons = 48,143 over six windows.
 Source: Jenkins *et al.*, 79.13, p. 23.

1.14ch7) showed that, over the six-wave period, 24 per cent of children were poor in one or two waves, compared with 19 of adults, and 13 per cent were poor in three to five waves, compared with 8 per cent of adults.² Using a combination of income and deprivation measures, Adelman *et al.* (BHPS, 1991–99; 82.3) estimated that 50 per cent of children experienced some degree of poverty between 1991 and 1999, with 9 per cent experiencing poverty that was both persistent and severe.

The evidence further suggests that the younger the child the higher the risks of poverty, both prevalence and persistence.³ Table 7 (taken from Hill and Jenkins, BHPS, 1991–96; 69.13) shows that, for example, 46 per cent of children who began the survey aged 0–5 years were poor at least once and 19 per cent were poor three to five times. In contrast, of those aged 12–17 at the first wave, only 32 per cent were ever poor, and only 7 per cent poor three to five times.

Table 7 Distribution of number of times poor out of six according to age

Age in years (at wave 1 interview)	Number of times poor			
	0	1–2	3–5	6
0–5	54.3	24.8	18.5	2.4
6–11	64.7	23.1	10.7	1.5
12–17	67.7	25.1	7.2	0.0
18–29	71.5	18.3	9.1	1.1
30–59	79.0	15.3	5.2	0.5
60+	58.5	26.0	11.3	4.4

Number of persons = 6,824. Poverty = 50 per cent of wave 1 median income.
Source: Hill and Jenkins, 69.13, p. 24; repeated in 1.14ch7, p. 185.

Old age

Table 7 also illustrates the very high poverty risk for older people:⁴ twice as many people aged over 60 years experienced poverty at least once over a six-wave period than did those aged between 30 and 60 years. Hill and Jenkins explain that although the relative poverty ranking of children and older people is highly sensitive to the choice of equivalence scales and income poverty thresholds, ‘vulnerability tends to peak at each end of the life cycle [and that] across all variations in equivalence scales and poverty lines, the very young and the elderly rank highest in poverty of all the age groups’ (69.13, pp. 11–12; see also 79.14).

While poverty rates among retired people are higher than for other adults (aged over 45) throughout Europe,⁵ the probability of remaining below the income poverty line and in material deprivation is particularly high in the UK, up to three times higher than for other adults in terms of income poverty and up to four times higher in terms of lacking household necessities in 1994–96 (Tsakloglou, ECHP, 56.1ch2).

Taylor *et al.* (BHPS, 1991–2001; 69.70) report that, although the prevalence of poverty among older people decreased between the early and late 1990s, it remained high compared with rates among working-age individuals. Between 1996 and 2001, 56 per cent of pensioners were poor at least once compared with 31 per cent of working-age adults (see Table 8; 69.70). Table 8 also shows that, across the 1990s, more older people experienced persistent poverty, and that persistent poverty increased more among pensioners than among working-age individuals. The proportion in poverty for five or six waves increased from 18 to 23 per cent, compared with 5 and 6 per cent of the working-age population.

While poverty risks for children increase among younger children, poverty risks among older people increase among older old people. Jenkins *et al.* (BHPS, 1991–99; 79.13) calculate that, over a four-wave window, 42 per cent of people aged 60–74 experience poverty at least once, with 10 per cent being poor in all four waves. In comparison, 54 per cent of those aged 75 and over experienced at least one wave of poverty, and 15 per cent were poor in all waves (see also 69.34, p. 24).

Jenkins *et al.* (79.13) also identified single older people as being most at risk of poverty. Over a four-wave window, 55 per cent of single pensioners experienced poverty at least once, and 15 per cent were poor in four waves. The corresponding figures for a pensioner couple are 38 and 10 per cent. Similarly, according to Jenkins and Bardasi (BHPS, 1991–99; 69.34), about one third of men and over half of women living alone had persistently low incomes. As this suggests, single older women faced most risk (see further below).

Youth

The extent to which young people represent a poverty risk group is less clear. In terms of poverty pervasiveness and persistence, the risks faced by young people are generally similar to the all-adult population (56.1ch2, 56.1ch7, 56.3). However, Adelman and Cebulla (ECHP, 1995–96; 56.1ch7) argue that this masks the greater frequency of movements in and out of poverty among young people in the UK: between 1995 and 1996, 2 per cent more young people entered poverty than all adults (see also 53.20, 79.13), and 5 per cent more left poverty. Despite the high exit rate, the fact that exposure to poverty increases risks for future poverty implies that the higher entry among young people can have longer-term consequences. An alternative example of the potential volatility of the situation of young people is reflected in Burgess *et al.*'s (BHPS, 1991–96; 60.8) suggestion that young people are more vulnerable to poverty than others when unemployment rates rise. Adelman and Cebulla also found that income poverty among young people was more likely to be

Table 8 Poverty occurrences for working-age individuals and pensioners, 1991–96 and 1996–2001

Number of occurrences	1991–96		1996–2001	
	Working-age individuals	Pensioners	Working-age individuals	Pensioners
0	67.6	40.3	69.1	43.6
1	12.1	13.2	9.6	8.7
2	7.2	9.9	7.8	7.5
3	4.7	9.3	4.4	8.3
4	3.6	9.4	3.4	9.0
5–6	4.9	18.0	5.7	22.8
Total	100.0	100.0	100.0	100.0
Number of persons	3,793	1,070	3,962	1,093

Poverty = poorest fifth of contemporary income distribution.

Source: Taylor *et al.*, 69.70, pp. 43–4.

associated with material deprivation than among the all-adult population (56.1ch7; see also 56.1ch2).

There is evidence that having a young head of household (variously described as being under 25 or 31 years) increases the risk of poverty persistence (69.85;⁶ see also 56.1ch7) – by reducing such households' chances of leaving poverty (52.18, 69.10) – and increases the risks of poverty for children in these households (79.8).

Family type

Lone parents

Of all households, those headed by lone mothers with dependent children are most vulnerable to persistent poverty and deprivation (7.49, 56.3, 59.1.3ch6, 69.38ch9, 69.77, 79.1, 79.9).⁷ Lone parents in the UK are more at risk than in other EU countries (56.3, 69.28, 69.38ch10). Bradbury *et al.* (BHPS, 1991–96; 1.14ch4) report that over 40 per cent of children in poverty in the UK come from lone-parent families, compared with 34 per cent in Germany and 6 per cent in Spain. Poverty entry rates for children in lone-parent families are higher: for example, 24 per cent in the UK compared with 16 per cent in Germany and 4 per cent in Hungary (1.14ch4). Poverty exit rates are lower: for example, 31 per cent in the UK compared with 40 per cent in Germany and 67 per cent in Hungary (1.14ch4).

In the UK, Jenkins *et al.* (BHPS, 1991–99; 79.13) show that 68 per cent of lone-parent families experience poverty at least once during a four-wave window compared with 34 per cent of the whole population, while 19 per cent were poor across all four waves compared with the all-population rate of 7 per cent. These findings are supported by Ruspini (BHPS, 1991–95; 17.13 and 69.28) who found that 71 per cent of lone mothers entered poverty at least once during a five-wave window, with 20 per cent in persistent poverty (measured as a single spell lasting at least three waves). By contrast, 31 per cent of partnered mothers entered poverty at least once and just 6 per cent experienced persistent poverty (17.13).

As this suggests, the persistence of poverty is particularly marked among lone-parent families (who remain lone-parent families: 1.14ch4, 7.49, 10.15, 56.1ch7, 79.14, 79.20; see also 82.3). For example, Tsakloglou (ECHP, 1995–96; 56.1ch2) suggests that, compared with the general population in the UK, lone parents were three times more likely to remain in poverty over a two-year period.

Lone-parent families are also more likely to be materially deprived: Adelman and Cebulla estimate that over 40 per cent of lone parents were continuously deprived of necessities over a two-wave period, compared with less than 10 per cent of partnered mothers (ECHP, 1995–96; 56.1ch7; see also 10.2, 64.23, 82.3).

Large families with young children

That fact that families with dependent children represent a relative risk group reflects the fact that poverty is determined by the balance between household need and income. In this case, household needs are increased when there are more children (26.1, 52.18, 69.38ch9, 69.85, 79.1, 79.14, 79.9; see also 60.8, V15.5), and when there are younger children. Adelman *et al.* (BHPS, 1991–99; 82.3) found that the larger the average number of children in a household, the greater their chances of experiencing poverty. As Table 9 illustrates, compared with an only child, a child with two or more siblings is over three times more likely to experience persistent poverty. Regarding age, Table 10 shows that the younger children are, the more likely they are to face persistent and severe poverty (see also 69.27). Adelman *et al.* further report that of all children in persistent and severe poverty, 65 per cent were in a household with a child aged under five years, while only 14 per cent were in a household where the youngest child was aged ten or older (82.3).

Similarly, Whelan *et al.* (ECHP, 1994–97; 69.38ch10) estimate that having three or more children tends to lead to higher levels of material deprivation,⁸ while Berthoud *et al.* (BHPS, 1996–2002; 69.29) suggest that the presence of younger children increases the chances of family deprivation more than the presence of older children. Given that a crucial point here is the ratio between dependent children and adults (as potential wage earners), lone parents face a particular risk. Vegeris and Perry (FACS, 1999–2001; 10.2) calculate that, compared to a lone parent with one or two children with the youngest aged between 12 and 18, a lone parent with three or more children (age unspecified) would be 1.7 times less likely to move out of hardship and 1.6 times more likely to experience worsened hardship. A lone parent whose youngest child is under five years would be 1.8 times less likely to move out of hardship (10.2).

Family size is considered in Cappellari and Jenkins's (BHPS, 1991–99; 69.19) modelling of persistence and re-entry probabilities. They estimate that if a family with a child aged 5–11⁹ would be expected to experience a mean poverty spell length of 1.9 years and mean time between poverty spells of 14.7 years, then the addition of a child aged 3–4 would raise the predicted poverty spell length to 2.3 years and reduce the time between spells to 9.6 years. Regarding poverty exit rates, McCulloch (BHPS, 1991–98) reports that – compared with a childless household¹⁰

Table 9 Average number of children in the household over five years by poverty status (per cent)

	Persistent and severe poverty	Persistent poverty only	Short-term and severe poverty	Short-term poverty only	No poverty	All children
One	11	15	25	19	26	21
Two	30	35	49	43	50	44
Three	59	50	27	39	24	36

Table 10 Age of child by poverty status (per cent)

	Persistent and severe poverty	Persistent poverty only	Short-term and severe poverty	Short-term poverty only	No poverty	All children
0-4 years	38	32	40	24	29	30
5-9 years	30	33	12	28	22	26
10-14 years	22	24	12	21	25	24
15-19 years	10	12	36	27	24	21

Poverty = income poor (40 per cent of median income) and/or one measure of material deprivation. Severe poverty = income poor and two measures of material deprivation.

Source: Adelman *et al.*, 82.3, pp. 80-1.

– the probability of leaving poverty is reduced by 48 per cent for a family in which the youngest child is 6–15 years. Where the youngest child is aged 3–5 the probability of escape is reduced by 59 per cent and to 63 per cent where the youngest child is under two.¹¹

Personal history

Unemployment and low pay

As is to be expected, the impact of unemployment and poorly paid work on household income makes this a key area of poverty risk.¹² Compared with other adult risk groups, the risk faced by unemployed people is second only to that facing lone parents: Table 11 (taken from Jenkins *et al.*, BHPS, 1991–99; 79.13) shows that 62 per cent of unemployed people were poor at least once during a four-wave window, compared to 66 per cent of lone parents¹³ and 47 per cent of retired people. Duncan *et al.* (ECHP, 1994–96; 20.10) find that, over three years, towards a half of all unemployed people in the UK were in poverty, and that about a fifth of all those entering poverty between 1994 and 1995 were unemployed. Incidentally, Duncan *et al.* (20.10) also find that the impact of unemployment on poverty was more acute in the UK than in other European countries (see also 10.15, 69.38ch10).

Table 11 also highlights the high risks of persistent poverty facing (continuously) unemployed people and shows that they were almost twice as likely as the all-population average to experience poverty in each of the four waves. Cappellari and Jenkins (BHPS, 1991–99; 69.19) estimate that if a single-earner household¹⁴ could be predicted to experience a mean poverty spell length of 1.9 years and mean time between poverty spells of 14.7 years, then a similar household without any earners would be expected to be in poverty for 2.2 years, with only 5.4 years between poverty spells. Devicienti (BHPS, 1991–98; 69.10) reports a similarly high risk of poverty re-entry for households headed by an unemployed person and that, once in poverty, such households have a 35 per cent lower probability of escaping poverty than if the head has a job.¹⁵

Unemployment clearly impacts on children in the household. Jenkins *et al.* (BHPS, 1991–98; 10.15) observe that while there is an 11 per cent poverty rate among children in married-couple households with one or more earners, this jumps to 84 per cent for couple households without earners, and 90 per cent for lone-parent households without earners (see also 59.1.31ch3, 82.3).

Table 11 Poverty occurrences by adult risk group

Number of times poor in 4-wave window	Lone parent	Disabled	Poor health	Retired	Unemployed	Low paid: <£3.60	Low paid: <£4.50	All
0	34	55	58	53	38	66	71	66
1	17	16	15	15	21	17	15	13
2	17	10	10	10	15	10	8	8
3	15	9	9	9	13	5	4	7
4	16	10	8	13	13	2	2	7
3 or 4 (persistent)	31	19	17	22	26	7	6	14
Base: no. persons	1,051	4,857	2,611	7,691	1,621	3,178	5,344	48,141

Poverty = 60 per cent of median income.

Source: Jenkins *et al.*, 79.13, p. 28.

In terms of material deprivation,¹⁶ Whelan *et al.* cite 'remarkable high odds' that someone in the UK who has been unemployed for more than six months will experience persistent deprivation (odds ratio of 14.3 compared with 2.09 for someone with a persistent income: ECHP, 1994–96; 69.85, p. 22). Similarly, Vegeris and McKay (FACS, 1999–2000; 64.19) report that, compared with children in working households, those in non-working households were three times more likely to be in severe hardship and half as likely to score zero on a hardship index.

However, unemployment is only part of the picture: Taylor highlights that of working-age adults who had been in poverty for two consecutive waves, a third were in employment, including 17 per cent in full-time work (ECHP, 1994–97; 16.8.JB1). More conservatively, Stewart estimates that between a fifth and a quarter of adults in poor households were employees (BHPS, 1991–94; ST1). Alternatively, Nolan and Maitre (ECHP, 1993–95) state that of all the children in the ECHP who lived in poor households, two-thirds lived with at least one adult who was working, suggesting that 'low pay and low income from self-employment thus also play a key part' in determining poverty (59.1.31ch3, p. 57).

In the broadest terms, this reflects the relationship between occupational class and poverty (e.g. 26.1, 69.38ch10, 69.79, 69.87, 73.41). Moreover, longitudinal data offer a perspective on actual work histories. For example, Muffels and Fouarge (ECHP, 1994–95; 13.153) found that the weaker someone's attachment to the labour market over time, the more likely they are to enter poverty. Their study considers the relationship between employment profile and persistent poverty (measured as an income under half of median income for over two years) among working-age adults in the UK, Ireland and Denmark. It found that 2 per cent of people in continuous employment were persistently poor, while someone in insecure employment – between 50 and 100 per cent of the time, perhaps in a series of temporary positions – faces double the risk at 5 per cent (13.153). Poverty rates more than double to over 13 per cent for those working some but less than 50 per cent of the time, and rise again to 32 per cent to those fully unemployed.¹⁷ Both Muffels and Fouarge (13.153) and Stewart conclude that a strong 'low pay, no pay' cycle is at work: 'the low paid are more likely to be out of work in the future; those out of work are more likely to be low paid on re-entry' (Stewart, ST1, p. 225).

Reinforcing this is the fact that experience of unemployment at one point is a strong predictor for future unemployment (7.28, 55.13; see also 60.8). Similarly, as noted with regard to older people, low income and unemployment at an earlier phase of life increase the risks of poverty later in life (10.11, 55.13, 69.114, 69.34).

Illness and disability

The relative poverty risks experienced by this group¹⁸ stem from the fact that, if a household member is unable to work because of illness or disability, household income is reduced and household need increased. Table 11 (Jenkins *et al.*, BHPS, 1991–99; 79.13) shows the prevalence and persistence of poverty among disabled adults, defined as those who self-report that their daily activities are limited by health, and adults who self-report poor or very poor health in comparison to people of the same age. Forty-five per cent of disabled adults and 42 per cent of adults in poor health experienced poverty at least once in a four-wave window, compared with an all-sample figure of 34 per cent. Ten per cent of disabled adults and 8 per cent of ill adults were persistently poor, compared with 7 per cent of the whole sample. Adelman and Cebulla (ECHP, 1995–96; 56.1ch7) find a similar prevalence rate among sick or disabled people (44 per cent) but a much higher rate of persistent poverty: 28 per cent of sick or disabled people were poor in two consecutive years compared with 15 per cent of all adults.

Disabled people and those in poor health also faced greater risks of material deprivation. It has been calculated that 56 per cent of those in this group were deprived of necessities at least once over two years, compared with 22 per cent of all adults, and they were nearly four times more likely than other adults to be deprived of necessities for two consecutive years (ECHP, 1995–96; 56.1ch2, 56.1ch7, 56.3). A specific example of this deprivation persistence is suggested by Vegeris and Perry's finding that, among lone parents in hardship, those with a disability were 1.4 times less likely to move out of hardship (FACS, 1999–2001; 10.2; see also 64.14).

On the one hand, Tsakloglou and Adelman and Cebulla agree that while the poverty risks facing disabled people and those in poor health are less acute than those experienced by lone parents, they are higher than those facing retired people (ECHP, 1995–96; 56.1ch2, 56.1ch7). On the other hand, Jenkins *et al.* report that retired people have higher rates of prevalence and persistence of poverty than either disabled people or those in poor health (BHPS, 1991–99; 79.13; see Table 11).

As might be expected, the poverty risks associated with disability and poor health extend to the household's children. For example, Adelman *et al.* (BHPS, 1991–99; 82.3) observed that more than half of children in persistent poverty had lived with an adult in poor health for at least one year during a five-year period, compared with a quarter of children who had experienced no poverty. A much earlier study (NCDS, 1958–74) similarly observed that 'three times as many long-term disadvantaged as long-term ordinary children had either a mother or father who was chronically ill' (Essen and Wedge, NCDS, 1958–74; PW3, p. 66).

There is little doubt that there is a striking association between health and income. Benzeval and Judge (BHPS, 1991–96; 20.27) report that people in the lowest quartile of the income distribution are 2.4 times more likely to report poor subjective health or limiting illness, and 1.5 times more likely to report a high General Health Questionnaire score or above-average health problems than those in the top quintile.¹⁹ On the one hand, Benzeval *et al.* (BHPS, 1991–95) assert that poor health is a predictor of poverty: ‘the simple odds ratio shows that men who were in bad health at age 23 ... were four times more likely to be in the bottom quintile at age 33 as were men in good health at age 23’ (16.30, p. 94). On the other hand, Benzeval and Judge (BHPS, 1991–96; 20.27) suggest that the reverse causal relationship is stronger: low income and persistent poverty – and short-term falls in income – increase the risks of ill health. This study concludes that, while the relationship between current health and current income is stronger, the association between current health and past income is also significant (16.30).

A parallel dichotomy is addressed by Jenkins and Rigg and Bardasi *et al.*, in relation to income and disability (69.55, JB7). People who become disabled are more likely to have been poor and unemployed than those not disabled. For example, Bardasi *et al.* (BHPS, 1991–98; JB7) showed that 38 per cent of men two years before the onset of disability were in the poorest quintile of the income distribution of working-age men, compared to 18 per cent of non-disabled men. The employment rate among men two years before the onset of disability was 81 per cent, compared to 93 per cent among non-disabled men. So, on the one hand, the impact of disability is mediated to an extent by the fact that people who become disabled are likely to have characteristics associated with having worse economic outcomes (Jenkins and Rigg, BHPS, 1991–98; 69.55). On the other hand, the onset of disability was associated with a marked decline in income, and employment rates fell continuously following disability onset (69.55). This is illustrated by Adelman and Cebulla’s finding that 15 per cent of sick or disabled people entered poverty during a two-year period, compared with 5 per cent of people without health problems, while only 18 per cent left poverty compared with 25 per cent of those in good health (ECHP, 1995–96; 56.1ch7).

Looking to the next section, it is worth noting here that level of education mediated the impact of disability and illness on income (16.30, 69.55).

Education

It is obviously necessary to consider education as a risk factor for poverty because of its impact on employment opportunities and wage potential. Gregg and Machin (BCS [British Cohort Survey], 1970–2000; NCDS, 1958–91; 59.1.25ch5) describe

education as a ‘transmission mechanism’: low income in childhood is associated with lower educational attainment which, in turn, is associated with low income in adulthood. Johnson and Reed (NCDS, 1965–91; 1.36) suggest that education is key to mobility and the avoidance of poverty: over 50 per cent of those in the lowest income quartile in childhood and again at age 33 had no qualifications, while over 70 per cent of those who moved from childhood poverty to the second or third quartile had at least a lower vocational qualification (see also 55.13). While Dearden *et al.* (BCS, 1970–2000; NCDS, 1958–91; NSHD [National Survey of Health and Development], 1946–61; 59.1.3ch6) identify an association between level of education and poverty in three different cohorts, Blanden *et al.* find that intergenerational mobility has fallen sharply and argue that this is because ‘the rapid educational upgrading of the British population has been focused on people with richer parents’ (BCS, 1970–2000; NCDS, 1958–91; 59.1.25ch5, p. 16).

An intragenerational perspective is offered by Jenkins and Bardasi, who find that higher educational attainment reduced the risk of poverty in old age: ‘if the reference man had ‘A’ levels rather than a higher qualification, the probability of low income rose from 2.9 per cent to 6.3 per cent, to 9.7 per cent if he had ‘O’ levels, and around 14 per cent if he had vocational qualifications or no qualifications’ (BHPS, 1991–99; 69.34, pp. 35–6).

A number of studies note the risk of low education for poverty from the perspective of year-on-year dynamics at work (for example, 52.18, 56.1ch7, 69.19, 69.110, 69.87, 73.41, V15.5). McCulloch records that individuals with a degree-level qualification had a 56 per cent lower probability of entering poverty than an individual with no qualifications (BHPS, 1991–98; 53.20²⁰). Similarly, Nolan and Maitre observe that over the ECHP as a whole, people in households categorised as having low education are about one and a half times more likely than average to be in poverty (ECHP, 1994–96; 59.1.31ch3).

The effect of low educational attainment is linked more strongly to persistent than to transient poverty (26.1, 69.10, 79.1, 79.14, 79.20). This is emphasised by Muffels *et al.*, who show that ‘even at the lower levels of the labour market [education] pays in terms of preventing people from persistent poverty’ (BHPS, 1991–95; 79.9). Across the ECHP sample, Nolan and Maitre estimated that only one in 40 of those in highly educated households were in poverty continuously from 1993 to 1995, compared with one in 20 in middle-educated households, and one in nine in low-educated households (ECHP, 1994–96; 59.1.31ch3).

These education-related risks extend to children in families with low levels of attainment. Adelman *et al.* found that, of children with parents without qualifications,

only 7 per cent had not experienced poverty, while 32 per cent had experienced persistent poverty (BHPS, 1991–99; 82.3). By contrast, of children with parents who were qualified above 'A' level standard, 34 per cent were never in poverty and only 4 per cent experienced persistent poverty. A possibly related finding is that a lack of educational attainment of 'A' levels or above increased the risk of becoming poor from 5 to 10 per cent for partnered mothers, but even more – from 23 to 35 per cent – for lone mothers (Adelman and Cebulla, ECHP, 1995–96; 56.1ch7; see also 64.23, p. 167).

Social characteristics

Gender

Women are more at risk than men of both poverty and persistent poverty. Ruspini argues that women's financial vulnerability is largely because of their less stable incomes (and a market-based welfare state regime which does not take account of care responsibilities and the associated implications which these responsibilities have for income: 17.28). For example, Taylor (ECHP, 1994–97; 16.8.JB1) found that, over a four-year period, less than half of the women in the sample had been in full-time employment, compared to about three-quarters of men, while only a quarter of women had been in continuous full-time work, compared with about half of men.

Women face an increased risk of entering and remaining in poverty (7.61, 16.8.JB1, 17.28, 69.110, V15.5). Jenkins *et al.* (BHPS, 1991–94; 79.13) show that, over a four-wave window, 36 per cent of women experienced poverty at least once, rising to 49 per cent over nine waves; the corresponding figures for men were 28 and 40 per cent. In terms of persistence, 15 per cent of women were poor for three or four waves out of the four-wave window, compared with 10 per cent of men (79.13).

From a life-course perspective, Hobcraft (NCDS, 1958–91; 55.13) argues that legacies of childhood disadvantage are more acute for women and so, for example, women who grew up in social housing are more likely to have a low household income and to be in unskilled occupations at age 33 than men from a comparable background (see also PW4). Higher risks for women extend into later life and older single women represent one of the highest poverty risk groups (69.114, 69.77). Table 12 (taken from Jenkins and Bardasi, BHPS, 1991–99; 69.34) shows that 39 per cent of women aged over 60 live in poverty, compared to 27 per cent of men.

Even as overall poverty rates climb as people get older, women remain substantially more likely to be poor throughout later old age. Jenkins and Bardasi explain that older women's poverty risks develop for a number of reasons, not least because, compared to older men, they spent less of their working lives in paid employment, were less likely to have qualifications, and more likely to be living alone (69.34).

Table 12 Poverty rates by gender (per cent)

	Men aged 60+		Women aged 60+	
	% with low income	% in group	% with low income	% in group
All	27	100	39	100
Age group				
61–64	20	20	24	16
65–69	20	26	32	22
70–74	29	24	44	24
75–79	37	16	46	17
80+	34	15	48	21

Poverty = income in poorest third of smoothed income distribution among all persons aged 60+

Source: Jenkins and Bardasi, 69.34, p. 24.

Ethnicity

Cappellari and Jenkins advise that ethnic group effects are often hard to observe in panel surveys because of small cell sizes (69.19). Nevertheless, they estimate that the probability of entering poverty was 14 percentage points higher for Pakistani or Bangladeshi households than for those headed by someone of European origin (BHPS, 1991–99; 69.19). They further found that Pakistani and Bangladeshi households were more likely to experience poverty more frequently and with greater persistence: the predicted length of time between poverty spells was a third that of a white household, and poverty spells were predicted to last nearly twice as long (69.19). Similarly, Devicienti (BHPS, 1991–97) estimated that, once poor, non-white groups – mainly Afro-Caribbean, Indian and Pakistani – have about 35 per cent less chance of escaping poverty than white households. In terms of deprivation persistence, Vegeris and Perry (FACS, 1991–2001; 10.2) show that partnered families in hardship were 1.7 times less likely to escape hardship if they were not white, while lone parents in hardship were 1.7 times more likely to experience worsened hardship if they were not white. Adelman *et al.* highlight the enhanced risks for children in non-white families: 'children in persistent poverty ... were more than twice as likely to have been in "non-white" households than children in no poverty' (BHPS, 1991–99; 82.3, p. 82).

Environmental factors

The literature suggests that, in comparison with the demographic and economic factors discussed above, environmental factors have limited independent influence in increasing people's vulnerability to poverty.²¹

Social housing

Social housing (and in some cases rented housing per se: e.g. 10.2, 82.3) is associated with poverty, both in year-on-year research (16.47, 64.23, 69.19) and intragenerational analysis (55.13, 69.34). While the causal relationship between the two has not been investigated in the reviewed literature, Hobcraft suggests that social housing is most likely a consequence rather than a cause of low income (73.41; see also 6.34).

Locality

Three potential risk factors are considered here: the local labour market, disadvantaged neighbourhoods and rural–urban distinctions.

While there is a relationship between income and local (within 'travel-to-work' distance) employment rates, it is not necessarily a clear one. For example, Devicienti states that the local employment rate is not significantly associated with poverty re-entry rates, but it is for poverty exit rates: a single person, in poverty for a year, has a poverty exit rate 26 per cent higher in an area of low unemployment than in an area of high unemployment (BHPS, 1991–98; 79.14; see also 6.34, PW4). McCulloch found that, despite the fact that local unemployment rates were indeed associated with poverty entry and exit rates, the relative contribution of local labour market conditions is less in determining poverty transitions than individual and family characteristics such as educational attainment, age and gender (BHPS, 1991–98; 53.20, p. 551).

Buck (BHPS;²² 6.34) highlights the strong association between household poverty and neighbourhood deprivation.²³ Chances of leaving poverty are lower and chances of re-entering poverty are higher in deprived areas than in non-deprived areas. However, while he cautiously identifies some causal effects of neighbourhood on poverty – specifically on poverty exit – Buck comments that 'there are equally and more important influences at the individual and household levels' (6.34, p. 2272). This observation reflects conclusions reached by Bolster *et al.* and McCulloch. Bolster

et al. (BHPS, 1991–2001; 60.6) consider the distribution of changes in individuals’ incomes, compared across a range of neighbourhood types, with controls for various social characteristics. They discovered that the distribution of income change is similar across different neighbourhoods. That is, individuals in both the richest and poorest neighbourhoods experienced the same range of income change (–20 per cent to +50 per cent over five years). They also found no effect of neighbourhood influences on lone parents and older people, while positive effects for couples and homeowners were small. McCulloch found that, the more deprived a neighbourhood, the more likely residents were to say that they disliked it (16.47). He also found that, for men more so than women, living in a deprived neighbourhood compounded disadvantage. However, McCulloch also concluded that people’s demographic and income circumstances – not type of neighbourhood – better explain outcomes: ‘measurable characteristics of the neighbourhood add little to our ability to explain variation in the outcomes, once a full range of individual and family-type variables had been included’ (16.47, p. 681).

Arguably, research on the rural–urban dimension of poverty dynamics implies a more distinct causal relationship. There seems to be consensus in the literature that, in general, poverty prevalence and persistence are more acute in urban than rural areas. For example, Table 13 (taken from Phimister *et al.*, BHPS, 1991–96; 52.26; see also 53.166ch7) shows that 42 per cent of individuals from non-rural areas experienced at least one period in poverty over a five-wave window compared with 33 per cent of those in rural areas. Poverty persistence is also slightly higher among those in urban areas: according to Table 13, about a quarter of urban individuals experienced three to five periods of poverty compared to a fifth of rural individuals. However, exit rates are similar for the two groups, while re-entry rates are higher in urban areas (Chapman *et al.*, BHPS, 1991–95; 11.22). The characteristics of those in rural poverty were largely the same as expected in urban areas: older people, children, lone parents and unemployed and low-income households (52.26). However, a higher incidence of low pay in rural areas than in urban areas raises questions about the relative importance for poverty escape/avoidance of having more workers in the household.²⁴

Table 13 Poverty occurrence by rural and non-rural locales (per cent)

	Number of times poor					
	0	1	2	3	4	5
Rural	67	11	4	5	5	9
Non-rural	58	10	9	6	6	10

Poverty = 50 per cent of wave one mean income.

Source: Phimister *et al.*, BHPS 1991–96; 52.26, p. 412.

Gilbert *et al.* (BHPS, 1991–98; 13.60) make a distinction between remote and accessible rural areas, based on areas' integration with larger urban areas. The authors find that poverty rates are lower in accessible rural areas and similar in remote rural and urban areas. For example, 17 per cent of accessible rural households fell into the lowest quintile of the income distribution, compared with 23 per cent of remote rural households and 21 per cent of urban households (13.60). Gilbert *et al.* explain this by the fact that the highest incidence of persistent low pay is in remote rural areas, and so households in these areas were particularly vulnerable to in-work poverty compared with urban and accessible rural households.

Poverty avoidance and targeted policy

A number of policy and research issues can be drawn from the findings reviewed in this chapter. For example, there is some evidence in the literature that people in black and minority ethnic groups are more at risk of poverty and persistent poverty than white people. However, there is relatively little detailed analysis of ethnicity in the poverty dynamics literature captured in this review. While this probably reflects the fact that the number of black and minority ethnic respondents in panel surveys, while representative, is often too small to permit adequate analysis, this stands out as a notable gap in the literature. Further research is required to identify the types of poverty experienced by different black and minority ethnic groups, and whether particular triggers and factors are associated with poverty among these groups. Arguably, this information is crucial to ensure that current anti-poverty policies and initiatives are appropriate for or effectively targeted on addressing poverty among black and minority ethnic groups.

One of the clear findings from the literature is that risks of poverty for older people increase in later old age. The Government's strategy as presented in Opportunity for All (DWP, 2006) includes a broad, comprehensive programme for addressing the needs of older people, from pension reform, through Sure Start to Later Life, to transport and accessibility planning. Notably, however, this programme is focused on older people over 60 *per se* and does not differentiate or target initiatives for older pensioners. Given that needs and resources are likely to vary widely during the decades (potentially) after retirement, a more finely tuned programme would seem appropriate.

A number of studies in the literature examined the risks associated with various environmental factors. Income and family characteristics appear to be better explanatory variables for poverty dynamics than local employment rates or neighbourhood deprivation. These findings suggest the importance of enhancing individuals' opportunities, for example through educational attainment, and securing

employment for individuals in disadvantaged areas, but are less clear about the potential efficacy of targeting resources on developing local job markets. The findings also indicate that, while poverty is more acute in urban than rural areas generally, poverty rates are lower in accessible rural areas and that remote rural areas share similar poverty rates with urban areas. This too is important for targeting policies for addressing rural poverty.

Perhaps one of the most critical findings in this chapter is the extent of in-work poverty and the dynamics of the ‘low pay, no pay’ cycle. Given the central emphasis on employment in the Government’s anti-poverty strategy, this is a fundamental concern. Measures to ‘make work pay’ – notably Working Tax Credit – are clearly important but, as the Government acknowledges (see Chapter 2), these have not overcome in-work poverty. In order to do so, a more dynamic policy approach is required. That is, from a static perspective, securing employment at a point in time is an effective approach to lifting people out of poverty. However, from a dynamic perspective, we see that people move in and out of employment and in and out of poverty. Securing employment is the ‘first step’ towards escaping poverty, but sustained and progressive employment is necessary to achieve a genuine (sustained) escape from poverty.

One of the most effective ways to address in-work poverty and the ‘low pay, no pay’ cycle is for individuals to be in secure, sustained employment and so progress to higher wages. In policy terms, this calls for a strategy to improve job retention and enable job progression. Current policy does include such a strategy but, so far, initiatives are too highly targeted. For example, the Employment Retention and Advancement programme is being piloted precisely to promote job retention and progression but as yet is restricted to lone parents. Moreover, in this and other initiatives, ‘retention’ is defined in terms of full-time employment for 13 weeks (see also the Job Retention and Rehabilitation Pilot and New Deal for Disabled People). Given that the review points to the importance of sustained employment on a year-to-year basis, this definition of retention is problematic. More generally, beyond individual initiatives, the importance of retention and progression is markedly understated in the overall policy strategy.

The findings of this review, particularly in the light of the increasing poverty rate among working-age adults, call for a more dynamic policy approach in not only assisting people into employment but also helping them to remain and progress in work. An expansion of job retention and advancement services for a wider population, focused on sustained employment in the longer term, may be one way forward. Further research would also be helpful here to inform this strategy, particularly a longitudinal qualitative study of the dynamics of the ‘low pay, no pay’ cycle, from the perspective of both people in poverty and employers.

6 Outcomes: persistence and consequences of poverty

The previous chapter discussed the risk factors associated with poverty. This chapter begins by considering how these factors combine to result in persistent poverty. We then review findings from literature about the consequences of poverty, noting that often these outcomes themselves represent risk factors for future poverty.

Persistent poverty

As discussed in Chapter 3, the literature distinguishes experiences of poverty less in terms of severity and more in terms of persistence. Rather than particular risk factors being associated with either shorter-term or longer-term poverty, a sliding scale of poverty persistence results from an accumulation and intensity of risk factors. This fluid configuration of factors is well summarised by Muffels *et al.*:

The evidence ... suggests that the sorts of variables that explain the belonging to the transient, recurrent or persistent poor are the same for all the various categories. The magnitude of the effects, however, is larger for the persistent poor than for the recurrent poor, and the effects for the recurrent poor are stronger than for the transient poor. The persistent poor are more prone to belonging to a household with a separated head or where separation occurs during the spell and by a lower equivalent net household income, a lower education level, less annual working hours, a higher age of the household head and higher unemployment and disability. The recurrent poor are a bit less old, less often unemployed, more of them have a job and their average earnings are higher. The transient poor are on their turn [*sic*] doing a bit better than the recurrent poor in terms of the impact these variables have on poverty persistence. (Muffels *et al.*, 79.9, p. 26)

As this implies, the type of configuration of risk factors most likely to result in persistent poverty is one where household income is restricted and household need increased, both for a sustained period. Income can be limited because of, for example, parental responsibilities and a lack of available wage earners (as in the case of lone parents), inability to work (as for older, retired people and disabled people), or low educational attainment (restricting job opportunities and earnings). Household needs can increase because of, for example, the presence of a number of young, dependent children. There is a general consensus in the literature about

who is most at risk of persistent poverty.¹ These groups are identified here, referring predominantly to research by Devicienti (BHPS, 1991–98; 79.14) and Jenkins *et al.* (BHPS, 1991–99; 79.13) who offer some of the more comprehensive analyses of poverty persistence.

Children

For Devicienti (79.14, p. 44), a young child living with two siblings and a lone mother with low educational attainment is at most risk.² If household characteristics stay the same, between 64 and 73 per cent of children in this situation experience poverty for more than four out of seven years. Children without siblings, children in partnered-parent households and those in households headed by an adult with high educational attainment face significantly lower risks of persistent poverty.

Lone parents

Jenkins *et al.* (79.13, pp. 100, 104) model poverty exit and re-entry probabilities in order to predict how risks range for individuals in lone-parent families. Risks are at their highest for those in a lone-parent household, with two children including one aged under six years, where the parent is not in work and does not have 'A' levels: between 26 and 38 per cent of individuals in such households are predicted to experience poverty for eight consecutive years. In similar households, but where the parent is in work and has 'A' levels or higher educational qualifications, risks are lower (albeit still high compared with the general sample): between 10 and 24 per cent of individuals here would be predicted to experience poverty for eight consecutive years. Other factors also have an influence. Devicienti (BHPS, 1991–97; 69.10) highlights that younger lone parents (age 20) face greater risks than older ones (age 40). Vegeris and Perry (FACS, 1999–2001; 10.2) find that a lone parent with a disability is 1.7 times less likely to escape hardship than someone without a disability.

Older people

Jenkins *et al.* (79.13, p. 28) indicate that the next most at risk are retired people: 15 per cent experience long-term persistent poverty compared with the 8 per cent average. In turn single pensioners are more at risk than those in couples, with long-term poverty persistence rates at 20 per cent and 13 per cent respectively (79.13, p. 24). Older retired people are more at risk. Of those aged between 60 and 64,

between 5 and 24 per cent are predicted to experience poverty for eight consecutive years, compared with between 15 and 38 per cent of those aged 80 years or more (79.13, pp. 100, 104). Poverty risks for older people increase for women, for those with employment histories characterised by unemployment and low pay, and for those with low levels of educational attainment (69.34; see also 79.14).

Workless households

Long-term persistent poverty among individuals in unemployed households is 14 per cent (79.13, p. 28). Risks are concentrated among unemployed households with children. While between 1 and 9 per cent of individuals in unemployed households without children are predicted to be in poverty for eight consecutive years, the rate for those with two children is 13 to 27 per cent (79.13, pp. 100, 104).

Disabled people and people in ill health

About 12 per cent of disabled and ill people experience long-term persistent poverty, compared with 8 per cent of the general sample (79.13, p. 28). Poverty among disabled people is significantly mediated by employment history and educational attainment (69.55, JB7).

Consequences of poverty

We have discussed the extent of ‘churning’ among people who experience poverty: people who have been poor once are more likely to become poor again, while others avoid poverty throughout their lives. Chapter 3 also discussed the intragenerational and intergenerational effects of poverty. People who experienced poverty in childhood were more likely to have low incomes and worse employment prospects than those who did not have poor childhoods,³ as were the adult offspring of parents in poverty, compared to the life chances of children whose parents had not been in poverty.⁴ Arguably, in this sense, one of the key consequences of poverty is the increased risk of future poverty.

Unemployment

The legacy of poverty for employment chances is a stark example of how the consequences of poverty can themselves represent risk factors for future poverty.

Table 14 (taken from McKnight, NCDS, 1974–81; BCS, 1986–96; 55.15ch7) reiterates that children from poor backgrounds are more likely to be on low wages in adulthood. In both cohorts, about 30 per cent of those from poor childhood households fell into the lowest wage quintile when aged in their twenties. In the case of the 1970 cohort, those from poor childhood households were more than twice as likely to be on the lowest wages compared to people who had come from high-income family backgrounds. (Table 14 also highlights that income mobility has reduced: in the later cohort, individuals from low-income and poor-childhood households are more likely to be concentrated at the bottom of the earnings distribution and less likely to be near the top, compared with the 1958 cohort). Duncan *et al.* highlight the impact of poverty on people's chances of getting a job: 'the really striking feature of the results is the powerful impact of poverty in extending the time it took to find a job ... the effect is strongest in Germany, Denmark and the UK where poverty halves the probability of exit [from unemployment]' (ECHP, 1994–96; 20.10, p. 20).

Education

Understood in this way, an indirect knock-on effect of poverty is that it undermines future potential household income. Another dimension of this is the association between poverty and low educational outcomes. Children from poor backgrounds are less likely than other children to continue in school after age 16, or to attain educational qualifications.⁵ For example, Gregg and Machin (BCS, 1970–2000; NCDS, 1958–91; 59.1.25ch5) estimate that the probability of having no qualifications at age 23 was up to 16 per cent greater for individuals who grew up in families experiencing financial difficulties compared to those who did not. Similarly, Benzeval *et al.* (NCDS, 1958–91; V13.10) found that people from families that had experienced persistent financial difficulties were up to nearly nine times more likely to have no educational qualifications than those whose childhoods were free from financial problems.

Lone parenthood

Lone parenthood also clearly has implications for constrained family income. Although women who experienced poverty in childhood are more likely to become lone parents than those who did not (for example, 55.12), Hobcraft and Kiernan (NCDS, 1958–91; 59.1.26⁶) argue that this effect is mediated through young parenthood. That is, the authors found that the greater the extent of poverty women experienced in childhood, the more likely they were to become young mothers. For

Table 14 From childhood poverty to low-wage employment (per cent)

Wage at age 23/26 (quintile group)	Cohort born in 1958, household income at age 16		Cohort born in 1970, household income at age 16	
	High income	Low income	High income	Low income
Bottom	17	22	13	26
2nd	19	21	16	23
3rd	20	19	20	20
4th	21	19	24	16
5th	22	18	26	14
All	100	100	100	100

High income = at least average income; low income = 50–100 per cent of average income; poor = below 50 per cent of average income. The author does not specify whether median or mean income is used.

Hourly wages in the 1958 cohort are measured at age 23, and in the 1970 cohort at age 26.

Source: McKnight, NCDS, 1974–81; BCS, 1986–96; 55.15ch7, p. 110.

example, 8 per cent of those who were not poor in childhood had a first child aged under 20, compared with 31 per cent of those who had been 'clearly poor' (59.1.26). Women who became mothers before the age of 23 were found to be over four times more likely to have ever been a lone mother by age 33, compared to women who had their children later. Consequently, women who had been 'fairly' poor or 'clearly' poor in childhood were over twice as likely to become lone parents as women who had not been poor in childhood.

Disability and ill health

A parallel observation is that, indirectly, poverty leads to greater household needs and, specifically, disability and ill health. Chapter 5 noted the tentative⁷ evidence in the literature which suggests that, although disability and illness are likely to increase people's risks of poverty, the reverse causal relationship is as strong or stronger: disability and illness are likely to be consequences of poverty. For example, Benzeval *et al.* (BHPS, 1991–95; NCDS, 1958–91; 16.30) found that working-age adults in the lowest quartile of the income distribution in 1991 were between 2.3 times more likely (for women) and 2.7 times more likely (for men) to report bad health in 1995 than those in the top quartile. Similarly, individuals who grew up in households experiencing financial difficulties (when individuals were aged 11 and 16) were twice as likely to report being in ill health at 33 years of age (16.30; see also 20.27, 55.12, 59.1.26). Relevant here too is Weich and Lewis's study (BHPS, 1991–92; 10.21) which suggested that self-reported financial strain (rather than income poverty) precipitated the onset of mental health problems, and that financial strain and income poverty worked to prolong and exacerbate mental health problems.

Social exclusion

The final area to consider is the consequences of poverty for 'social exclusion', broadly defined (56.1ch7; see also 6.52, 69.38ch10). For example, Adelman *et al.* (BHPS, 1991–99; 82.3) found that two-thirds of children who experienced no poverty had parents who were members of organisations (for example, trade unions, community involvement groups, residents' associations, social clubs). In contrast, only a third of children who experienced persistent poverty had parents who were members of organisations. Moreover, parents with children in persistent poverty were less likely than other parents to vote, to have high levels of emotional well-being, to be satisfied with the neighbourhoods in which they lived, or to be able to save much money (82.3).

Adelman *et al.* (BHPS, 1991–99; 82.3) also highlight the impact of poverty on social inclusion and well-being among young people. For example, 70 per cent of young people in severe and persistent poverty were happy with their lives as a whole, compared with 87 per cent of all children (82.3; see also 59.1.26). Young people in severe and persistent poverty received the lowest level of pocket money, were less likely to have part-time jobs, and were more likely to have strained relationship with parents (82.3).

Essen and Wedge (NCDS, 1958–74; 59.4.28, PW3) found that children from poor backgrounds were more likely to have involvement with social and probation services. Hobcraft (NCDS, 1958–91; 55.3; see also 59.4.28) found that children from poor backgrounds were more likely to have had contact with the police by age 16: boys from ‘clearly poor’ families were four times more likely to have done so than boys from families without poverty. Hobcraft and Kiernan estimate that, compared to people whose childhoods were free from poverty, any experience of childhood poverty increases individuals’ chances of being in social housing at the age of 33 by about 25 per cent (NCDS, 1958–91; 59.1.26; see also 55.12, 55.13, 55.15ch5).

Combating poverty

The first part of this chapter identified the groups most at risk of persistent poverty. These findings support the focus in current policy on tackling poverty among children, lone parents, older people and workless families. However, not all people in these groups experience persistent poverty: for each group, the risks of poverty persistence are accentuated by configurations of particular demographic and income factors. This means that addressing poverty for these groups is not necessarily the same as addressing persistent poverty among the groups. To inform more targeted approaches to combat persistent poverty, further research is needed to provide both quantitative evidence on dynamics of *severe* persistent poverty (see Chapter 3) and qualitative understanding of the interplay of the various demographic and income factors associated with poverty persistence.

The second part of this chapter discussed the consequences of poverty across the life course. The literature shows that, even on a year-on-year basis, poverty is associated with an increased risk of future poverty. Moreover, the birth cohort studies captured in this review show clearly that the consequences of poverty can extend across the life course and span generations. Poverty suppresses people’s life chances in terms of educational attainment and employment opportunities. Women who experience poverty in childhood are more likely than those who did not to become mothers at a young age and lone parents. Although the causal relationship

between poverty and ill health and disability can be debated, there is certainly a significant relationship between the two.

It is striking that the consequences of poverty highlighted in birth cohort studies match closely key characteristics and risk factors emphasised in the year-on-year observations of persistent poverty. This serves as a stark observation of how the consequences can themselves represent risk factors for future poverty and, hence, marks the urgency of the need to genuinely eradicate poverty and halt these cycles of disadvantage.

7 Escaping and avoiding poverty

This chapter considers the factors which help people to resist and overcome poverty. It reflects findings from the literature about who avoids poverty or, if having entered poverty, how people then leave poverty, and how they can remain resistant to re-entering poverty.

Some people are inherently less likely to experience poverty than others because of their personal characteristics. That is, as highlighted in Chapter 5, if all else is equal, poverty risks are greater for women than men, and greater for non-white people than white people (see also 52.18, 79.9). Age is another relatively predetermined factor in the sense that, as Muffels *et al.* (79.9) argue, age represents a dimension of 'human capital' which mediates individuals' opportunities and wage potential within the labour market. Devicienti (BHPS, 1991–98; 79.14) observes a 'U-pattern' of poverty persistence whereby high risks for children decrease over time into middle age, before climbing again for people in retirement. Optimum age in terms of poverty resistance is given as between 35 and 54 (Betti and Cheli, BHPS, 1991–97; 69.110) or as peaking at age 47 (Devicienti, BHPS, 1991–97; 69.10).

Chapter 5 also highlights how experiencing poverty at one point in time increases the risk of future poverty. From a year-on-year perspective, the research shows that people who have experienced poverty in one wave are most at risk of entering poverty again in later waves, and that the longer someone stays poor the less likely they are to escape poverty. Similarly, because most income mobility is short-range (whether at the top or bottom of the income distribution: see 17.33), not being poor in the past reduces the chances of becoming poor in the future. The literature further identifies the poverty risks associated with the lack of – or declining rate of – intergenerational income mobility and with the intragenerational transmission of disadvantage. Intragenerational research indicates that higher childhood ability – as measured by educational tests at age seven – is significant for individuals' chances of escaping poverty in adulthood (Johnson and Reed, NCDS, 1965–91; 1.36; O'Neill and Sweetman, NCDS, 1958–91; 13.33). Nevertheless, these findings emphasise that life chances are shaped over time and, as such, individuals' childhood circumstances and family histories represent further prescribed factors in their resistance to poverty.

This chapter focuses on the two strongest themes in the literature relating to escaping and avoiding poverty: employment and household need, predominantly family composition. These themes constitute the 'essential dynamic' of poverty because they are core to the balance between income and need which determines poverty. The chapter examines the 'exit triggers' or events which propel people out of

poverty (mirroring the discussion of ‘poverty triggers’ in Chapter 4), and the broader dynamics associated with people’s resistance to poverty. The overarching picture here is that, as noted in Chapter 4, income changes are generally more significant for triggering poverty entries and exits than demographic changes and that, in turn, demographic changes are generally more significant for poverty entries than poverty exits. However, the relative importance of employment change over demographic change varies among, for example, partnered families, lone-parent families and older people’s households (see, for example, 69.105, 69.11, 69.40ch5, 79.13).

The chapter begins by considering the broad dynamics for the general population. First we look at the role of employment, both as an ‘exit trigger’ and as a ‘resistance factor’, with particular mention of the importance of education in this context. Then we explore the interplay between demographic change and poverty escape and avoidance, highlighting how dynamics here are differentiated in terms of gender. Next we consider the dynamics of health and disability, since these are associated with changing household need. Finally, the chapter examines the factors which seem to influence poverty escape for lone parents, children and older people.

Employment

Employment as an ‘exit trigger’

Jenkins *et al.* (BHPS, 1991–99; 79.13) offer the most comprehensive analysis of the trigger events associated with poverty exits.¹ They found that of all poverty exits, 81 per cent were triggered by increases in income, and only 19 per cent by demographic changes. (For comparison, Layte and Whelan similarly estimated from the 1994–98 ECHP that 81 per cent of poverty exits were associated with income changes, rather than decreases in household needs [69.91; see also 7.49].) Of the changes to household income, three-quarters (62 per cent of all exits) involved changes in wages from employment (79.13; see also 69.91).

For households headed by working-age adults, the single most common trigger was an increase in the household head’s earnings. This could be caused by a move from unemployment to employment, an increase in working hours or an increase in the rate of pay: Jenkins (BHPS, 1991–96; 69.11) notes that for 51 per cent of those for whom an increase in the household head’s earnings was the most important event associated with poverty exit, the household head had moved from unemployment/inactivity into employment. Whatever the causes, increases in the household head’s earnings accounted for a third of all exits (79.13). However, a striking finding is the

importance of earnings increases for other members of the household. For couples with children, increases in the household head's earnings triggered 41 per cent of poverty exits, but 35 per cent were triggered by rises in the spouse's earnings or in the earnings of other household members (79.13). A similar finding is emphasised in Oxley *et al.*'s study, that households moving from having one earner to having two earners have a greater probability of escaping poverty than households moving from having no earners to having one earner (BHPS, 1991–96; 7.49).

Jenkins *et al.* (79.13) further found that increases in the number of workers in a household were more important for poverty exit than an increase in the wages among household members. For example, 31 per cent of all poverty exits among couples with children were associated with an increase in wages, and 53 per cent of those in families experiencing wage increases left poverty. In contrast, 40 per cent of all poverty exits among couples with children were associated with an increase in the number of workers in the household, and 62 per cent of those in families experiencing an increase in workers left poverty (79.13).

Employment as a 'resistance factor'

Employment is the most robust factor for keeping people out of poverty. For example, Vegeris and Perry's analysis of the 1999–2001 FACS shows that non-working families were five times more likely to experience severe hardship (multiple deprivation) compared with families which included someone in employment throughout the period. Jarvis and Jenkins (BHPS, 1991–92; 69.9) report that 65 per cent of those who remained out of poverty were households where one or more adults were working full time, and a further 13 per cent lived in households with someone who was self-employed. Over a longer timescale, Table 15 (taken from Jenkins *et al.*, BHPS, 1991–99; 79.13) shows that over 80 per cent of individuals in households where all adults were in full-time work never experienced poverty over a nine-year window and of those who did, 'only' 8 per cent experienced persistent poverty (defined as two or more years' consecutive poverty).

The table shows that the more people in employment in a household, the more likely individuals were to remain out of poverty (see also 60.8, 69.10, 79.9). However, even having one adult in work helps: over 60 per cent of partnered families where just one adult was in full-time work (and one was not working) remained out of poverty, compared with only 13 per cent of families without a worker.

Table 15 Poverty persistence by family economic status (poverty pattern in nine-wave window) (per cent)

Poverty pattern	1 + f/t self-employed	All adults working f/t	Couple:		Single or couple: p/t	Head or spouse aged 60+	Head or spouse unemployed	Other	All
			1 f/t 1 p/t	1 f/t working					
Never	44	83	70	61	31	37	13	20	53
One-off	18	9	14	14	20	13	13	15	13
Recurrent	7	1	2	3	10	9	14	12	6
Short-term persistent	27	7	13	18	32	24	33	30	19
Long-term persistent	4	1	0	5	7	17	28	23	8
% in subgroup (row %)	12	24	13	13	6	18	6	7	100

Number of persons = 5,714. Poverty = 60 per cent of median income.

F/t = full time; p/t = part time.

Never = not poor at any of the nine annual interviews. One-off = poor at one interview. Recurrent = poor at two interviews separated by at least one interview of non-poverty, or three to six interviews of poverty out of nine separated by at least two interviews of non-poverty. Short-term persistent = either two consecutive interviews poor, or three to six interviews of poverty separated by at most one interview of non-poverty. Long-term persistent = seven to nine waves of poverty.

Source: Jenkins *et al.*, 79.13, p. 26.

Table 15 also shows the relative importance of full-time and part-time employment. Individuals in households with one full-time worker were twice as likely to avoid poverty as those in households with part-time workers who, in turn, were more than twice as likely to remain out of poverty as those without workers. In a similar vein, Muffels and Fouarge's 1994–95 ECHP analysis considers the relative importance of full-time, permanent employment and casual and temporary work. The authors estimate that – across the UK, Ireland and Denmark – people in employment less than 100 per cent of the time but more than 50 per cent are twice as likely to enter poverty as those in continuous employment (13.153). In turn, those in work less than 50 per cent of the time are more than twice as likely to experience poverty than those in work for more than 50 per cent (but less than 100 per cent) of the time (13.153). These observations suggest that poverty resistance depends not only on the number of employees in a household, but also on how extensive and sustainable their jobs are.

Educational attainment as a 'resistance factor'

It is relevant to consider education in the shadow of our discussion about employment because education is a good indicator of employment chances and, thus, of vulnerability and resistance to poverty. The literature suggests that educational attainment serves as a factor which protects people from poverty, rather than as an event which triggers exit from poverty. For example, insofar as we might expect to detect education as a trigger among young people – more than anyone else – as they complete their education, Adelman and Cebulla argue that 'educational achievement played no role in determining young adults' chances of leaving a state of significant poverty from one year to the next' (ECHP, 1995–96; 56.1ch7, p. 142). The authors conclude that the 'benefits of third-level education in terms of reducing poverty risks might not come to fruition until later in adult life' (56.1ch7, p. 142).

The review of findings about (lack of) educational attainment as a poverty risk in Chapter 5 serves equally well to expound the importance of educational attainment as a factor for poverty resistance. To avoid repetition, the reader is referred to that section: insofar as lower educational attainment is associated with greater risk of poverty persistence, higher educational attainment is associated with a decreased likelihood of entering poverty and, for the (post-youth) population who enter poverty, increased likelihood of poverty exit.² The discussion in Chapter 5 also highlights the impact of education on the intergenerational and intragenerational transmission of poverty, including the effect that higher education (achieved in younger life) has for protecting against poverty in old age.

Household need

Demographic change and ‘exit triggers’

The limited impact of demographic change is emphasised in Jarvis and Jenkins’s reflections on their 1991–92 BHPS analysis, in that they were ‘struck by how much family context change was experienced even within the low income stayer group, whose incomes did not fluctuate significantly over the period (by definition)’ (17.33, p. 26). Nevertheless, as Table 16 (taken from Jenkins *et al.*, BHPS, 1991–99; 79.13) shows, almost a fifth of poverty exits are associated with demographic events.

Explanations of demographic change as an exit trigger are not clear. The impact of demographic change for lone-parent families can be readily appreciated in terms of transitions from lone-parent to coupled-parent households. However, this accounts for only a minority of poverty exits among the population as a whole. Another plausible explanation is that there is a decrease in the number of dependent children in a household, representing a decrease in household need. But this accounts for only 1 per cent of poverty exits for people in lone-parent and coupled-parent households (79.13). Table 16 shows that demographic events account for 20 per cent of poverty exits among pensioner couples (79.13). Assuming that demographic events among older people are likely to be characterised by the loss of a partner, this does not compare easily with the finding reported in Chapter 4 that the transition from a couple-pensioner to single-pensioner household represents a trigger into poverty. Jenkins *et al.* suggest that the ‘incidence of demographic events was above average amongst persons in childless non-pensioner households and “other” households (mostly unrelated adults), and was most likely due to persons leaving the household’ (79.13, p. 46). As Table 16 shows, these households together constitute 13 per cent of all people leaving poverty: 39 per cent of poverty exits among those in ‘other’ households were associated with demographic events, as were 31 per cent in single-adult households. Given that the literature captured in this review suggests that a decrease in the number of adults in a household – representing a loss of potential wage earners – poses a poverty risk, the fact that adults leaving households trigger a substantial proportion of exits from poverty needs to be more fully explained.

The impact of two types of demographic event – albeit accounting for a minority of poverty exits – are more clear. First, Rigg and Sefton (BHPS, 1991–2000) show that children who become independent and leave home to live with a partner are likely to experience a rising income trajectory (‘a significant move up the income distribution, equivalent to at least fifteen quasi-percentiles over the ten waves’: 55.2, p. 7; see also 79.13). Twenty-eight per cent of individuals experiencing this event also experienced

Table 16 Poverty exits and trigger events, by person's household type in last year of poverty spell (per cent)

Main event associated with poverty exit	All		Single pensioner		Pensioner couple		Single		Couple, no children		Couple with children		Lone parent		Other	
Income change	82		95		81		69		82		83		87		61	
Demographic change	19		6		20		31		18		17		14		39	
All poverty exits	100		100		100		100		100		100		100		100	
Number of exits	3,850		192		297		265		430		1,880		556		230	
Proportion of persons	100		5		8		7		11		49		14		6	

Source: Jenkins *et al.*, 79.13, p. 46.

a sustained rising trajectory – more than double the average rate – although the authors add that this will ‘probably have more to do with moving up the career ladder and getting married than leaving home *per se*’ (55.2, p. 23). The second event also relates to children becoming independent, but refers to the impact this has on the family home. That is, as children reach independence they represent potential household earners. The effect of this is that 25 per cent of individuals in households where independent children have left home go on to experience ‘fluctuating’ income trajectories (at least three substantive movements up and down the income distribution over the ten-year period) compared with a 13 per cent average (55.2). By contrast, 28 per cent of individuals in households where independent children remain at home experience rising income trajectories compared with an average rate of 13 per cent. Similarly, Finlayson *et al.* (64.14) report that families with independent children living at home were more likely to leave hardship (47 per cent did so) compared with families with dependent children only (27 per cent), and with families where independent children had left home (34 per cent).

Demographic continuity and resistance factors

In terms of poverty resistance, demographic stability, rather than change, offers greater protection from poverty. In Chapters 4 and 5 we discussed the key poverty risks associated with lone parenthood and with having more and younger dependent children. To minimise repetition the reader is referred to these sections. Mirroring these findings, poverty risks are less (all else being equal) for individuals who maintain couple households and avoid separation, and who remain childless or have fewer children. For example, over a nine-wave window, 66 per cent of couples without children and 62 per cent of single people without children avoid poverty, compared with 56 per cent of couples with children and 19 per cent of lone parents (Jenkins *et al.*, BHPS, 1991–99; 79.13). Jenkins *et al.* further demonstrate that DINK households – working-age couples with ‘double income, no kids’ – experience faster poverty exit rates and lower re-entry rates than all other household types. For example, of those entering poverty, 92 per cent of individuals in DINK households escaped after a year, while the same is true for only 77 per cent of those in similar households with two children, one aged under six, and for just 52 per cent for members of lone-parent, single-income families with one child aged under six (79.13). Having exited a period in poverty, 68 per cent of individuals in DINK households remained out of poverty for seven years, compared with only 48 per cent of those in double-income households with two children, and 37 per cent of members of lone-parent, single-income families with one child aged under six (79.13).

Gender

Chapter 5 outlined the higher risks of poverty entry and poverty persistence experienced by women compared to men, largely reflecting women's relatively disadvantaged position in the labour market. The literature also suggests that, compared with men, demographic dynamics are more salient for women's escape from and avoidance of poverty. For example, Bourreau-Dubois *et al.*'s 1994–96 analysis of the ECHP as a whole estimates that joining a new partnership is associated with poverty exit for about 2 per cent of those women leaving poverty, whereas the same event does have a statistically significant association for men (69.105; see also 17.28). In terms of poverty resistance, Ruspini asserts that 'marriage stability reduces the probability to enter a poverty condition for women' (BHPS, 1991–94; 10.20, p. 304). This is illustrated in Bourreau-Dubois *et al.*'s finding that separation is associated with poverty entry for 5 per cent of women but for only about 1 per cent of men (69.105; see also 55.2).

Employment change still has greater impact than family change for women, but it has less relative impact for women than for men. That is, getting a job is associated with poverty exit for 12.9 per cent of men, compared with 10.7 per cent of women (ECHP, 1994–96; 69.105). As Layte and Whelan point out, this is likely to 'reflect differential participation and earning power between men and women' (ECHP, 1994–98; 69.91, p. 16).

Health and disability

Health and disability have an impact on household need. Poverty exits can be triggered by improvements in household members' health (20.10, 79.13). However, because individuals who become disabled are typically more disadvantaged than those who do not become disabled (JB7, 69.55), returning to full health/ability will not necessarily mean that individuals become better off. This seems to be reflected in Jenkins *et al.*'s (BHPS, 1991–99; 79.13) finding that while poverty exits associated with health improvements were relatively prevalent, only a minority who experienced health improvements left poverty as a result. That is, while 17 per cent of all poverty exits were associated with improvement in the mental health³ of household members, only 39 per cent of those experiencing this left poverty. Eleven per cent of all poverty exits were associated with improvement in the physical health⁴ of household members, but only 37 per cent of those experiencing this left poverty. Given that the overall exit rate among all people in poor households is 37 per cent, this means that the exit rate among those experiencing one of the health improvements is similar to the exit rate among those not experiencing either of these events (79.13, p. 51).

Remaining healthy protects against poverty, insofar as ill health and disability are associated with poverty entry (see discussion in Chapter 5). Of note here is Finlayson *et al.*'s observation that respondents in the British Lone Parent Cohort survey who reported good health in 1991 and 1998 were more likely to leave hardship, compared with those who reported changes in health (FACS, 1991–98; 64.14).

Lone parents

Re-partnering and employment are key exit triggers for lone parents (see, for example, 10.2, 17.28, 69.105, 69.40ch5). Although re-partnering is more significant for lone parents than for other households, over 70 per cent of poverty exits among those in lone-parent families were related to employment changes (79.13; see also 7.49).

However, the degree of poverty persistence among lone parents is reflected in the fact that, compared with partnered families, they were not only less likely to experience favourable employment changes, but when they did these changes were less likely to trigger a movement out of poverty. That is, for those who experienced it, an increase in wages among household members triggered a poverty exit for 53 per cent of people in partnered families, but only for 49 per cent of those in lone-parent families. Similarly, an increase in the number of workers triggered a poverty exit for 62 per cent of people in partnered families, but only for 53 per cent of those in lone-parent families (BHPS, 1991–99; 79.13).

Nevertheless, in terms of resistance, working lone parents are less likely to enter poverty. Adelman and Cebulla (ECHP, 1995–96; 56.1ch7) found that maintaining employment halved the chances of lone parents entering poverty from one year to the next: whereas 23 per cent of all lone mothers who were not poor in 1995 had become poor by the following year, this was the case for only 11 per cent of working lone parents. Ford *et al.* (FACS,⁵ 1991–95; 11.21) found that 52 per cent of lone parents who remained in employment stayed out of hardship, compared with only 7 per cent who remained out of work. The authors also found that hardship was avoided by only 7 per cent of mothers who had re-partnered but did not work, and concluded that 'repartnering does not appear as certain a route out of hardship as entry into employment' (11.21, p. 101).

Nevertheless, although relatively less important, re-partnering does serve as a poverty exit. Jenkins *et al.* (BHPS, 1991–99; 79.13) report that re-partnering accounts for 18 per cent of poverty exits among members of lone-parent families,

compared with 3 per cent of exits among all respondents. Of those experiencing this event, 63 per cent escaped poverty. Moreover, of those in households where re-partnering coincides with a rise in the number of workers – such as when the new partner is in employment – then 92 per cent move out of poverty.

Finally, there is evidence to suggest that – for lone parents remaining without a long-term partner – slightly better protection from poverty is afforded by maintaining stable lone-parent households rather than experiencing short-term partnerships.⁶ That is, Marsh and Vegeris (FACS,⁷ 1991–2001; 64.23) found that while 68 per cent of stable lone-parent families experienced hardship, this was the case for 76 per cent of lone parents who had had short-term partnerships which had not lasted.

Children

Events and factors associated with poverty escape and avoidance for families – lone-parent and couple families – are shared by the children in those families. For example, Jenkins *et al.* (BHPS, 1992–97) found that the ‘largest exit rates in Britain and Germany are associated with a child’s household head ceasing to be a lone parent and increases in the household head’s attachment to the labour market’ (79.8, p. 12). Jenkins *et al.* go on to comment that the size of the effects of re-partnering (and increases in wages) on children’s poverty is ‘dwarfed by the reductions in poverty risk that are associated with an increase in the number of full-time workers’ (BHPS, 1991–98; 69.57, p. 17).

Adelman *et al.* (BHPS, 1991–99; 82.3) found that, although employment did not guarantee poverty avoidance, children in households with one or, especially, two people in continuous employment were most protected. Of note, the authors also report that children in households with no workers in each year were at less risk of poverty than those in households where people had moved out of – or in and out of – employment. For example, 19 per cent of children in persistent and severe poverty came from households continuously without workers. In comparison, a further 20 per cent of children in persistent and severe poverty came from households in which there had been one transition from work to no work, and 29 per cent from families where there had been two or more transitions from work to no work. Likewise, transitions between receiving and not receiving benefits had important consequences for experiences of persistent and severe poverty in childhood (82.3).

While this highlights the importance of stable employment for protecting children from poverty, family stability is another important factor. Adelman *et al.* report that the vast majority of children who avoided poverty over the five-year window had

been continuously in couple households (85 per cent: 82.3). The authors' findings also reflect those of Marsh and Vegeris (64.23), that stability in lone-parent families reduces poverty risks. That is, 24 per cent of children in persistent and severe poverty – and 9 per cent of children who had not experienced poverty – had been in a lone-parent household continuously for the five-year period. By contrast, 29 per cent of children in persistent and severe poverty – and only 4 per cent of children who had not experienced poverty – were in families which had moved in and out (or out and in) of lone parenthood. The authors comment that 'it may have been the transition between living in a lone parent and couple family (or vice versa) that was related to severe poverty, rather than a long continuous period which was more likely to be associated with persistent poverty' (82.3, p. 78).

Several of the themes mentioned previously in this chapter are again relevant here. Children whose parents have higher educational qualifications have greater resistance to poverty than those with lower or no qualifications (82.3). Children with fewer siblings and fewer young siblings are more likely to avoid poverty than those in larger families with younger children (82.3). Finally, children in households without people with health problems or disabilities are also relatively protected. For those in such households, poverty risks are higher for children living with a parent moving in and out of illness, rather than for those with parents with a stable condition (82.3).

Older people

The context for considering older people's routes out of poverty is that, along with lone parents, they are most at risk of persistent poverty or, in other words, it is more difficult for them to escape poverty than for the general population. Jenkins *et al.* (BHPS, 1991–99; 79.13) estimate that, having entered poverty, 7 per cent of individuals in childless households headed by unemployed 30 year olds would remain poor for three years, and 2 per cent would still be poor after six years. In comparison, 29 per cent of individuals in childless households headed by someone (not in work) aged between 70 and 74 would remain poor for three years, and 16 per cent would remain poor for six years (79.13).

Understandably, employment-related changes do not have the same significance for older people. Five per cent or less of all poverty exits were associated with employment among older people, although for those who did experience favourable change – increases in workers or wages – nearly 90 per cent exited poverty (79.13).

A far more common exit trigger for older people was increases in 'non-labour income' (largely benefits, pensions and savings): triggering 87 per cent of poverty exits for

those in single-pensioner households and 65 per cent of exits in households with pensioner couples (79.13). Among single pensioners experiencing an increase in benefits, 87 per cent left poverty, while the same is true of 92 per cent among pensioner couples (79.13). However, increases in benefits were relatively rare, and exits were far more likely to be triggered by increases in personal and occupational pensions or savings and investments. Among older people experiencing increases in this type of income, 70 per cent or more moved out of poverty (79.13). Given that increases in pensions and savings were associated with poverty exits for 30 per cent of single pensioners and 48 per cent of pensioner couples, the authors expressed surprise at the extent of change in this income source (and raised the possibility that findings may reflect measurement error [79.13, p. 56]).

In terms of poverty resistance, the fact that greater poverty risks are associated with single older people (79.13) – particularly older women (69.34) – suggests that partnership in old age offers some protection against poverty. In the longer term, the greatest protection against poverty in older life arises for those who have sustained work histories, during which time they have progressed within or across occupational groups and, as a result, receive a good occupational or personal pension (Bardasi and Jenkins, BHPS, 1991–99; 69.34).

Understanding escape and resilience

A clear finding from the dynamics research reviewed in this chapter is that employment – both of the household head and of other household members – is the surest route out of poverty. This strongly supports the emphasis in anti-poverty policy on ‘work for those who can’, including initiatives to increase parental employment. However, the literature further suggests that poverty resistance depends not only on the number of employees in a household, but also on household members being in full-time and sustained employment. This reiterates the argument in Chapter 5 for greater onus in current policy on job retention and progression.

Although the literature offers a broad understanding of exit triggers and resistance factors, it raises a number of questions. For example, the dynamics research suggests that educational attainment is more important as a factor which protects people from poverty than as an event which triggers poverty exit. While it can be surmised why gaining a qualification does not necessarily trigger an immediate gain in income, the research captured in this review does not explain the impact of education for (later) poverty exit.

Although employment change is more closely associated with poverty exit and resistance, almost a fifth of poverty exits were associated with household change – presumably involving a decrease in the number of household members. The prevalence of the dynamic whereby household change triggered poverty exit was above average for working-age adults without children. While this might be explained by, for example, the departure of a workless member of the household (thus lowering need and increasing equivalised income), the dynamics involved are not clearly explained in the literature. The impact of movements of individuals in and out of households may not be among the dominant themes for poverty dynamics but it stands out as one of the most opaque in the literature. Further research would be useful to make transparent the various types of household change and how they trigger poverty entries and exits.

The most common exit trigger for older people was increases in personal and occupational pensions or savings and investments, accounting for nearly half of poverty exits among pensioner couples. The extent of this income change in later life is surprising, and it is not explained in the literature. However, the Joseph Rowntree Foundation has commissioned longitudinal research on older people's changing resources and this should provide valuable insights here.

More generally, the poverty dynamics literature identifies who is most at risk of poverty and what factors protect people from poverty. However, not all people in at-risk groups – and unprotected from poverty in terms of the resistance factors discussed in this chapter – are in poverty. Dynamics research estimates *probabilities* of poverty, but the various variables analysed do not *determine* poverty. In order to understand resilience to poverty – a vital question for policy strategies and targets – an important area for further research is to examine how those at risk of poverty manage to avoid becoming poor. In the first instance at least, longitudinal qualitative approaches would be best suited to unpack and identify the issues and factors associated with poverty resilience over time.

8 Poverty dynamics: lessons for policy and future research

This chapter brings together findings and observations from the review about policy lessons to be learnt from poverty dynamics research, and areas for further research about poverty dynamics in the UK.

Lessons for policy

To date, UK social policy has not fully exploited poverty dynamics research. Understanding poverty dynamically raises profound implications for policy and the Government's targets for reducing and eradicating poverty. The fact that the static measurement of the poverty rate understates the number of people who experience poverty over time means that the scale of the challenge is even greater than presented in government statistics and the targets for eradicating poverty even more challenging. At the same time, this new appreciation of the scale and dynamics of poverty may also enhance public support for the fight against poverty in the UK.

One of the overarching implications of poverty dynamics research for policy is the need to adopt a more differentiated classification of poverty. Recognition of transient poverty, recurrent poverty and persistent poverty, respectively, would seem to be a vital step towards improving the effectiveness of policy in targeting anti-poverty initiatives and evaluating those initiatives.

Another overarching implication of poverty dynamics research is the need for policy to adopt a more dynamic perspective. In most government research, poverty is defined in relation to a relative income threshold: those whose income falls below this threshold are defined as poor; those whose income exceeds this are not. Poverty dynamics research reminds us that poverty does not work like this, and that escaping poverty is not simply a matter of stepping over a line from one fixed state to another. Instead, poverty is dynamic: it relates to people's circumstances over time, and these circumstances are subject to change across the life course. Lifting people above the income poverty threshold at one moment in time is no guarantee that they will remain above that threshold. If their time above the threshold is short-lived, it is unlikely to represent a genuine movement out of poverty in terms of their material conditions (let alone in terms of the consequences of poverty for life chances, such as poor health and absence of occupational pension provision). Indeed, the literature reveals the extent of recurrent poverty and the churning of the same people in and out of poverty. This means that if social policy focuses only on poverty exit, and not on keeping

people out of poverty, it is likely to devote successive waves of resources on many of the same individuals and because many of these will still return to poverty, efforts to eradicate poverty will be inherently undermined. What this suggests is the need for policy to broaden its perspective from one from which change is viewed simply as transitions between fixed states (e.g. poverty to non-poverty or unemployment to employment). Instead, a dynamic policy perspective is required to address poverty dynamics, one which views change as *processes* in the context of the life course.

The main thrust of the Government's strategy to combat poverty is through employment. The research endorses the fact that this indeed should be the primary approach: employment is the surest factor in triggering exits from poverty and protecting from entry to poverty. Workless families and children in workless families are among those most vulnerable to persistent poverty, as are lone parents and disabled people – groups specifically targeted in the recent welfare reforms. However, poverty dynamics research also identifies that loss of employment is the single most significant cause of entry to poverty. Although the Government's 2005 *Opportunity for All* report suggested that 'the entire process where people slip from employment into worklessness' (DWP, 2005b, p. 6) would be addressed in the welfare reform plans, the issue of job retention remains understated in current policy. Provision for 'making work pay' through tax credits is likely to help retention, but can only be a partial measure. The research also highlights that employment does not guarantee freedom from poverty. Working Tax Credit is important for reducing in-work poverty, but the Government acknowledges that in-work poverty remains a substantial problem (Hutton, 2006). For many individuals, in-work poverty is likely to be a consequence of a lack of job progression.

From a dynamic policy perspective, *entry* into employment represents a single point of the broader process of 'being in work' and thereby exiting and remaining out of poverty. From this perspective, job retention and job progression are crucial to ensure that the potential for employment to secure genuine (sustained) freedom from poverty is realised. Current policy addresses these issues to a limited extent by working to improve education and skills and piloting employment retention and advancement initiatives for selected client groups but, overall, policy to improve job retention and progression is markedly underdeveloped.

Sustained, progressive employment is crucial for escaping and avoiding poverty not only on a year-to-year basis, but also across the life course as a whole. The higher incidence of poverty among women and persistent poverty among older people is rooted in the quality of their employment histories. The higher risks of poverty for these groups will be difficult to reduce without operationalising a life-course perspective.

A dynamic, life-course perspective highlights that employment history constitutes both periods of employment and transitions between employment. For many, these transitions will be interspersed by periods out of employment, for example unemployment, to undertake childcare or illness. Currently, these points of transitions represent ‘flash points’ for entering poverty. For example, loss of work is the most common trigger of poverty, movement from a two- to lone-parent household often coincides with job loss, and children with a parent moving in and out of illness are just as disadvantaged as those with persistently ill parents. Recent policy is more sensitive to the potential problem of financial volatility when people move from benefits into work. This is apparent in provisions such as the Lone Parent Benefit Run-On and Linking Rules for disabled people. However, there is not the same attention given to ‘smoothing’ the income of people moving from employment to benefits. Greater support for individuals at these points – for example, through a more responsive delivery of benefits, by increasing existing benefits, and increasing financial support for those experiencing periods of unemployment between jobs – would be important for reducing recurrent poverty. There also seems to be a parallel case for addressing and smoothing the transitions of people moving in and out of ill health, insofar as households with an adult moving between good and ill health are as much at risk of poverty as households with a persistently ill adult. The literature suggests that those who experience poverty are more likely than those who did not to become poor again in the future. This means that protecting people from entering poverty in the first place at these risky points of transition could potentially keep some at-risk households free from poverty throughout the life course.

Finally, a dynamic policy perspective needs to be sensitive to people’s changing needs and resources across the life course. One of the clear findings from the literature is that risks of poverty for older people increase in later old age. Current policy provides a broad, comprehensive programme for addressing the needs of older people but critically, however, this programme is focused on older people over 60 per se and does not differentiate or target initiatives for older pensioners. Given that needs and resources are likely to vary widely during the decades after retirement, a more finely tuned programme would seem appropriate.

Future research

The review highlighted a number of gaps in the evidence base. One of the key evidence needs, discussed in Chapter 3, is greater understanding of how poverty dynamics vary in relation to the ‘depth’ or severity of poverty. Overwhelmingly, poverty in dynamics research is measured in relation to a single income poverty threshold. This means that the literature has not fully explored differences in the dynamics for

the 'near poor', 'poor' and 'very poor'. Differentiating poverty in terms of transient, recurrent and persistent poverty marks a paradigmatic shift in how we understand and address poverty, yet it remains an incomplete understanding if we cannot further differentiate between, for example, persistent severe poverty and persistent moderate poverty. In turn, this makes it difficult to tailor policies to improve the circumstances for those in most need – people experiencing severe and persistent poverty. In order to appreciate the full dimensions of poverty and so ensure that policy is accurately targeted, insights about the temporal diversity within poverty need to be matched with understanding of how poverty is differentiated by depth of severity.

Chapter 5 highlighted that evidence in the literature on the poverty dynamics among black and minority ethnic groups is relatively weak. Limitations of available data in existing surveys need to be overcome to enable more detailed analysis of ethnicity. This research is required to identify the types of poverty experienced by different black and minority ethnic social groups, and whether particular triggers and factors are associated with poverty among these groups.

Chapter 6 identified the need for research to clarify understanding of the impact of educational attainment on poverty exit. That is, the literature suggests that educational attainment is more important as a factor which protects people from poverty than as an event which triggers poverty exit. Although we would not expect gaining a qualification to necessarily trigger an immediate gain in income, it is not clear at what point – and how – educational attainment is associated with poverty exit.

Chapter 7 called for greater clarity about the effects of household change on poverty dynamics. The impact of movements of individuals in and out of households may not be among the dominant themes for poverty dynamics but it stands out as one of the most opaque in the literature. Although perhaps a more discrete project, further research would be useful to make transparent the various types of household change and how they trigger poverty entries and exits.

Finally, across various chapters, the need emerged for a piece or programme of longitudinal qualitative research on poverty dynamics. The context for this proposal is that qualitative analysis is all but absent in the literature captured in this review. Qualitative research has the potential to make a strong contribution to our understanding of poverty dynamics not least because, unlike quantitative approaches, it is not limited to a finite range of variables predetermined by questions asked in surveys. The review identified a number of evidence needs that could be met through longitudinal qualitative study. This included exploring the full

range of events which play a part in triggering poverty. As discussed in Chapter 4, this would serve to consider whether the variables used in statistical analysis exhaust all potential poverty triggers and, in turn, this could serve to inform and strengthen survey design. Chapter 5 proposed longitudinal qualitative research of the dynamics of the low pay, no pay cycle, from the perspective of both people in poverty and employers. In order to examine how those at risk of poverty manage to avoid becoming poor, Chapter 6 highlighted the suitability of longitudinal qualitative approaches for unpacking and identifying the issues associated with poverty resilience over time.

Notes

Chapter 2

- 1 Grawe (2004) suggests that while some of the problems associated with the 1974 collection of income data are overstated, the techniques used for collection reflect the fact that income data were not the primary interest of the study. For example, citing Micklewright, Grawe observes that 'despite the fact that the 1974 questionnaire requested information on the earnings of the NCDS subject's father, the survey required that answers be given by the subject's mother with no one else (particularly the father) present' (2004, p. 579).
- 2 Literature using the ECHP was only included if separate results for the UK were discernible.

Chapter 3

- 1 It should be remembered that income is one dimension of social exclusion. For example, Burchardt *et al.* (6.52, 55.15ch3) perceive indicators of social exclusion to include not only income but also lack of capital (own home, pension or savings), unemployment, political disengagement and social isolation. Income poverty and social exclusion are strongly related but not coterminous (6.52, 55.15ch3).
- 2 Although it cannot be discussed at any length here, it should be noted that defining and calculating income is complex and contestable. For example, income differs on the basis of whether it constitutes net or gross income (and how this is measured), whether it includes housing costs, how it takes into account household composition (the number and type of family members among whom the income needs to be divided), and whether it is recorded at point of time or 'smoothed' (averaged over time).
- 3 For example, 20.27, 1.14ch4, 69.34, ST1.
- 4 For example, 67.6.
- 5 17.33, 69.40ch5, 69.9; see also 69.10, 79.14.

- 6 For example, 10.20, 1.14ch4.
- 7 For example, 26.1.
- 8 For example, 11.22.
- 9 Material deprivation is associated with income poverty, but the relationship is not straightforward: not everyone who is income poor is materially deprived, while not everyone materially deprived is income poor. Persistent poverty is more likely to lead to material deprivation, but short-term poverty is not. See Whelan, Layte, Maitre and Nolan (e.g. 10.12, 69.38ch10, 69.79, CW1) and Berthoud *et al.* (69.29); see also 13.116, 13.98, 56.1ch7, 59.1.31ch3, 64.19, 69.26, 69.27, 69.38ch10, 69.70, 69.79, 69.85.
- 10 This is discussed in 69.38ch10 and 79.9.
- 11 26.1; see also 69.38ch10.
- 12 6.62, 59.1.25ch5, 59.1.26, 60.2.
- 13 69.77, 79.1, 79.3, 79.9.
- 14 16.8.JB1, 69.38ch9, 79.9. Contrasting interpretations are offered in 79.12 and 79.3.

Chapter 4

- 1 See discussion of trigger event analysis in Jenkins *et al.*, 10.15.
- 2 Taylor draws a different conclusion from analysis of the ECHP, 1994–97: ‘About 80 per cent of men and women who enter poverty do not change labour market status’ (16.8.JB1).

Chapter 5

- 1 See, for example, 7.61, 17.33, 20.10, 26.1, 59.1.31ch3, 69.10, 69.110, 79.14, 79.20.

- 2 Hill and Jenkins (1.14ch7) also analyse the extent of chronic (permanent) poverty using 'smoothed incomes' (incomes averaged over period).
- 3 See also the discussion about children's ages in the section below about large families with young children.
- 4 See also 17.33, 56.1ch7, 56.3, 69.10, 69.110, 69.19, 69.9, 79.20. Jenkins (BHPS, 1991–96; 69.40ch5) and Fouarge and Layte (ECHP, 1994–98; 79.1), for example, emphasise the relatively low/slow rate of poverty exit among older people.
- 5 Countries surveyed include Austria, Germany, Greece, Portugal and the UK (ECHP, 1994–96; 56.1ch7). However, the Centre for the Analysis of Social Policy (ECHP, 1995–96; 56.3) reported that retired people in all countries *except for Germany* had a higher poverty risk, and indicated that the relative risk for retired people was not as pronounced as suggested in 56.1ch7.
- 6 Note, however, that Jenkins *et al.* report that having a young household head was not significant for poverty re-entry (79.13, p. 90).
- 7 Potentially, another risk group would be teenage mothers and their families. Studies which purposively sample young parents find strong associations with poverty, though they do not purport to estimate the risk faced by young parents in relation to risks faced by other groups (e.g. 6.62, 55.13, PW1, PW3). One of the complexities in researching this area is the high risk of teenage mothers becoming lone mothers, making it harder to identify the extent to which poverty is an effect of the former or latter. For example, Hobcraft and Kiernan (NCDS, 1958–91; 59.1.26) found that, even after controlling for a range of childhood factors, there is a statistically significant association between the age women have their first child and various adult outcomes. While 26 per cent of all women aged 33 were on a low income (lowest quartile of income distribution), this increased to 44 per cent for those who had a child when aged under 20 years. However, 53 per cent of women who had been teenage parents had at some time been a lone parent, compared with the 19 per cent of all women who had ever been a lone parent by age 33. Furthermore, the younger women have children, the increasingly more likely they are to be on low income and to have ever been a lone parent (59.1.26, p. 509).
- 8 Albeit that the effect of family size is 'rather small' when compared with other variables (69.38ch10, p. 239; see also 69.29, p. 100).

- 9 More specifically, the reference person in this case is a white, 40-year-old, full-time employed man, without 'A' levels, living in a single-earner household comprising a married couple (under 60) with one 5–11-year-old child, who were not living in social housing (69.19, p. 16).
- 10 Actually refers to a married man, without children and without qualifications.
- 11 One contradiction to these findings include Betti *et al.*'s (69.27, p. 18) finding that younger children (0–4) have a positive effect on family resources and that households with older children are more likely to experience deprivation. Jenkins (69.40ch5, p. 122) reports that couples with children had the lowest risk of entering poverty, though this finding does not differentiate these households in terms of number and ages of children. Devicienti (69.10, p. 15) suggests that the presence of young children (under six years) reduces the risk of poverty re-entry.
- 12 See also 7.61, 17.33, 26.1, 56.1ch7, 69.27, 69.38ch9, 69.77, 69.9, 79.1, 79.20, 79.9. Of note, Dearden *et al.* (59.1.3ch6) detail the relationship between unemployment and poverty across three cohorts, 1946, 1958 and 1970. Wedge and Prosser and Essen and Wedge (PW1, PW3) report the impact of fathers' unemployment status for childhood disadvantage in the 1970s.
- 13 The difference between these figures relating to lone parents and those cited above appears in the original text (Jenkins *et al.*, 79.13, table 2.3, p. 24, and table 2.5, p. 28).
- 14 See Chapter 3, note 9.
- 15 The employment status of household head has most impact, but the status of spouse of other adult household member is significant (69.10, 79.1).
- 16 See also 10.2, 69.29 and 69.38ch10. There seems to be a question about how long unemployment lasts before impact on material deprivation: see, for example, 69.27, 69.38ch10, 69.85.
- 17 This mirrors Marsh and Vegeris's finding (64.23) that 31 per cent of those who worked less than 50 per cent of the period experienced a spell of severe hardship, as did 10 per cent of those who worked more than 50 per cent of the period. This similarly demonstrates that employment does not guarantee protection from deprivation.
- 18 See also 69.10, 69.9, 79.1, 79.9.

- 19 This contradicts Lillard and Burkhauser's analysis (BHPS, 1991–2000; 69.103) which found that individuals experiencing greater income inequality are no more likely to self-report being in poor health, whereas those on higher incomes are more likely to report good health.
- 20 A question has been raised about the relative advantage of a tertiary qualification in the UK. Adelman and Cebulla's analysis suggests that third-level education did not reduce poverty risks for young people but it did for all adults: 'the economic benefits of third-level education in terms of reducing poverty risks might thus not come to fruition until later in adult life' (ECHP, 1995–96; 56.1ch7, p. 142). A different question is raised in Muffels *et al.*'s comparison of poverty dynamics in the Netherlands, Germany and the UK, which suggests that: 'A high educational level decreases the likelihood of being persistently poor in Germany but not in the UK. However, as in the Netherlands, and unlike Germany, a lower educational level raises the probability of being persistently poor in the UK' (Muffels *et al.*, BHPS, 1991–95; 79.9, p. 26).
- 21 A body of work exists which uses poverty dynamics research to critique the orientation of the UK welfare state, often through international comparison, or (less frequently) to comment on some aspect of social provision. This work is not reviewed here but includes the following: 1.14ch7, 10.15, 13.153, 17.13, 17.28, 20.10, 59.1.31ch3, 69.13, 69.28, 69.38ch9, 69.57, 69.77, 69.82, 69.91, 69.92, 79.1, 79.3, 79.9.
- 22 BHPS from 1991: unspecified number of years.
- 23 Buck (6.34) measures area disadvantage in terms of housing tenure, housing density, unemployment and car ownership. McCulloch (16.47) used the same measures but also included individual outcome measures such as health and attitudes towards the neighbourhood. Bolster *et al.* (60.6) use a longer list of criteria including unemployment, tenure and home ownership, car ownership, long-term sick, lone-parent families, occupational class, ethnicity, older people, children, central heating, exclusive family use of accommodation's facilities.
- 24 The literature is contradictory on this point. Vera-Toscano and Chapman assert that, in terms of poverty exits, 'an increase in the number of earners in a household in a rural area is significantly more important than in urban areas' (53.166ch7, p. 24). In contrast, Phimister *et al.* argue that 'the probability of low income escapes seems less affected by increases in the number of earners or adults in the household' (52.26, p. 415). There is also variance about the influence of rural–urban and urban–rural migration for poverty dynamics.

Chapter 6

- 1 See 7.61, 52.18, 55.2, 69.38ch9, 69.9, 79.20.
- 2 Note, however, Adelman *et al.* (82.3), who argue that children in lone-parent families were not more likely than those in two-parent families to experience persistent and severe poverty. Persistent and severe poverty was associated mainly with families where nobody was in employment for a five-year period, or where there was income volatility caused by successive movements in and out of employment. The authors comment that ‘once their other circumstances were taken into account, children in stable lone parent families were less likely to face persistent and severe poverty than children who constantly lived in a couple family’ (82.3, p. 131).
- 3 See 7.28, 16.44ch7, 55.12, 55.13, 55.15ch6, 55.3, 59.1.25ch5, 59.1.26, 59.4.28.
- 4 For example, 1.36, 13.33, 13.43.
- 5 See, for example, 7.34, 55.12, 55.3, 59.1.26, 59.4.28, 60.1, 60.9, PW3, PW4.
- 6 See also 6.62, 55.15ch5, 55.15ch6.
- 7 The complexities of this debate are illustrated in 11.21, 60.2, 69.40ch7, 69.70.

Chapter 7

- 1 Jenkins *et al.* (79.13) treat any income movement from below to above the 60 per cent of median income threshold as a poverty exit. The authors explain that – in an attempt to ensure that only ‘genuine’ poverty exits were considered – their preliminary research had focused only on poverty transitions that moved individuals to an income at least 10 per cent above the poverty line. However, using this distinction ‘made little difference to the conclusions drawn’ from considering any movement across the threshold (79.13, p. 36).
- 2 An exception to this view is forwarded by Muffels *et al.*, who, in their comparison of the UK, Germany and the Netherlands, argue that ‘a high educational level decreases the likelihood of being persistent poor in Germany but not in the UK. However, as in the Netherlands, and unlike Germany, a lower educational level raises the probability of being persistent poor in the UK’ (BHPS, 1991–95; 79.9, p. 26).

- 3 Fall in the number of household members with poor mental health (same household size).
- 4 Fall in the number of household members whose daily activities are limited by health (same household size).
- 5 The study used the PRILIF (Programme of Research into Low Income Families) database, a forerunner to FACS.
- 6 Parent was with one or more partners during the course of the study but this partnership did not last. Average length of these partnerships was 16 months. A minority of this group (15 per cent) had more than one partner who left.
- 7 The study used the PRILIF database.

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Centre for Housing Policy	www.york.ac.uk/inst/chp
Centre for Longitudinal Studies	www.cls.ioe.ac.uk
Centre for Market and Public Organisation	www.bris.ac.uk/Depts/CMPO
Centre for Policy on Ageing	www.cpa.org.uk
Children in Scotland	www.childreninscotland.org.uk
Child Poverty Action Group	www.cpag.org.uk
Department for Work and Pensions	www.dwp.gov.uk
Economic and Social Research Council (ESRC) (including Research Centre on Micro-Social Change)	www.esrc.ac.uk
Family Policy Studies Centre	www.apsoc.ox.ac.uk/fpsc
Institute of Education Social Science Research Unit	www.ioewebsserver.ioe.ac.uk/ioe
Institute of Fiscal Studies	www.ifs.org.uk
Institute for Social and Economic Research	www.iser.essex.ac.uk
Institute of Public Policy Research	www.ippr.org.uk
Joseph Rowntree Foundation	www.jrf.org.uk
Local Government Association	www.lga.gov.uk
London School of Economics Research Laboratory	www.rlab.lse.ac.uk
National Association of Citizens Advice Bureaux	www.nacab.org.uk
National Centre for Social Research	www.www.natcen.ac.uk
National Council for One Parent Families	www.oneparentfamilies.org.uk
New Policy Institute	www.npi.org.uk
Northern Ireland Social and Political Archive	www.ark.ac.uk
Online CERC Information Service	www.cerc.co.uk
Personal Finance Research Centre	www.ggy.bris.ac.uk/research/pfrc
Policy Studies Institute	www.psi.org.uk
Save the Children	www.savethechildren.org.uk
Social Disadvantage Research Centre	http://www.apsoc.ox.ac.uk/sdrc
Social Exclusion Unit	www.socialexclusionunit.gov.uk
Social Policy Research Unit	www.york.ac.uk/inst/spru
Townsend Centre for International Poverty Research	www.bris.ac.uk/poverty
Trade Union Congress	www.tuc.org.uk
UK Data Archive	www.data-archive.ac.uk
University of Cambridge website including Dept of Applied Economics	www.cam.ac.uk www.econ.cam.ac.uk/dae/index.htm