

Monitoring poverty and social exclusion 2009

Findings
Informing change

December 2009

The New Policy Institute has produced its twelfth annual report of indicators of poverty and social exclusion in the United Kingdom, providing a comprehensive analysis of trends and differences between groups. This is the first report to be written in an economic downturn, and the recession is the focus of much of the analysis.

Key points

- The number of people unemployed or otherwise wanting work is the highest since 1997. The unemployment rate among 16- to 24-year-olds is now higher than at any point since this series began in 1993.
- These increases did not begin with the onset of recession. Unemployment has been rising since 2005, and the young adult unemployment rate stopped falling as long ago as 2001.
- Even before the start of the recession, the number of people living in low-income households rose again in 2007/08. The number of people in low-income households is now as high as it was in 2000, having risen by 1.3m in the last three years.
- The number of children in low-income households where at least one adult works is, at 2.1m, the highest it has ever been. Half a million higher than in 2003/04, it is this increase that has stalled progress towards the Government's child poverty targets – again, *prior* to the recession.
- Despite all this, the overall picture is far from negative. The proportion of 11-year-olds not meeting basic standards in mathematics and English has fallen every year since at least the late 1990s. The number of 16-year-olds getting fewer than 5 GCSEs is now lower than at any point in the last ten years.
- The rate of premature death (deaths before the age of 65) has come down by a sixth for men and for women over the last ten years – but the rate for men is still 50% higher than for women.
- There have also been striking reductions in the levels of anxiety about being the victim of burglary or violent crime, to levels around half of those ten years ago.

The research

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The overall picture

Table 1 summarises the poverty and social exclusion indicators. It looks at the changes over the last decade, and the last five years. Indicators that do not include a significant time dimension are not included.

Subject	Theme	Description	No.	Change in last decade	Change in last five years
Low income	Low income	Numbers in low-income households	1	Better	Worse
		People in very low income	1	Worse	Worse
		Children in low income (%)	2	Better	Worse
		Working-age adults in low income (%)	2	No change	Worse
		Pensioners in low income (%)	2	Better	Better
	Income inequality	Ratio of richest fifth median income to overall median	3	No change	No change
		Ratio of overall median to poorest fifth median income	3	Worse	Worse
	In-work poverty	Children in low-income working families (%)	6	Worse	Worse
Children needing tax credits to escape low income		7	Worse	Worse	
Recession	Worklessness	Working-age adults officially unemployed (%)	9	Worse	Worse
		Young adult unemployment (%)	11	Worse	Worse
	Repossession	Mortgage repossessions	14	Worse	Worse
Child well-being	Economic circumstances	Children in workless households	17	Better	No change
	Education	11-year-olds not attaining Level 4 KS2	19	Better	Better
		16-year-olds not obtaining 5 GCSEs	20	Better	Better
	Looked after children	Looked-after children not attaining 5 GCSEs	21	Better	Better
	Education	Lacking qualifications	22	No change	No change
	Child health	Rate of infant mortality	24	Better	Better
		Under-age conceptions	25	Better	Worse
	Exclusion	16- to 19-year-olds not in education, employment or training	26	No change	No change
School Exclusion	Children permanently excluded	27	Better	Better	
With a criminal record	Under 18s cautioned/guilty of an indictable offence	28	No change	Worse	
Adult well-being	Economic circumstances	Workless households	29	Better	No change
		Disabled working-age adults lacking work	30	Better	No change
		Lone parents lacking work	30	Better	Better
		Low-paid employees	31	Better	No change
		Gap between low-paid women and male median pay	32	Better	No change
		Gap between low-paid men and male median pay	32	No change	No change
	Health	At risk of mental illness	33	Better	Better
		Limiting long-term illness (%)	34	No change	No change
		Deaths before the age of 65	35	Better	Better
	Access to services	Older people helped to live at home	36	Worse	Worse
		Take-up of means-tested benefits for older people	37	Worse	Worse
		Older people lacking private income	38	Better	Worse
		Low-income households without a bank account	39	Better	Better
Low-income households without contents insurance	40	No change	No change		
Communities	Place	Polarisation – social renters	42	Better	Better
		Homelessness	43	Better	Better
		Fuel poverty	44	Better	Worse
	Communities	Participation in volunteering and other civic activities	45	—	No change
		Neighbourliness	47	Better	No change
		Satisfaction with local areas	48	No change	No change
		Victims of crime	49	Better	Better
Fear of crime	50	Better	Better		

Over the ten-year period, 25 of the 43 statistics have improved, nine have worsened and another nine have not changed. Over the last five years, by contrast, just 14 have improved while 16 have worsened. Although this means that the overall record in the last five years has been less good, where there has been recent improvement it has been enough to ensure that the record over ten years is one of improvement too. In addition, some things that have got worse in the more recent period have not done so by enough to wipe out earlier gains.

Key points from the indicators

Low income

A household is defined as having a 'low income' if its income is less than 60% of the median UK household income for the year in question. The value of this 60% threshold in terms of pounds per week depends on the number of adults and children in the household. In 2007/08 (the latest year for which data is available) it was worth £115 for a single adult with no dependent children, £195 for a lone parent with two children under 14, £199 for a couple with no dependent children and £279 for a couple with two children under 14. These sums of money are measured net of income and Council Tax and after the deduction of housing costs (AHC).

Having increased for three successive years, the number of people living in low-income households is now 13.4m, the highest level since 2000. The rise since 2004/05 has wiped out half of the decrease achieved since 1997.

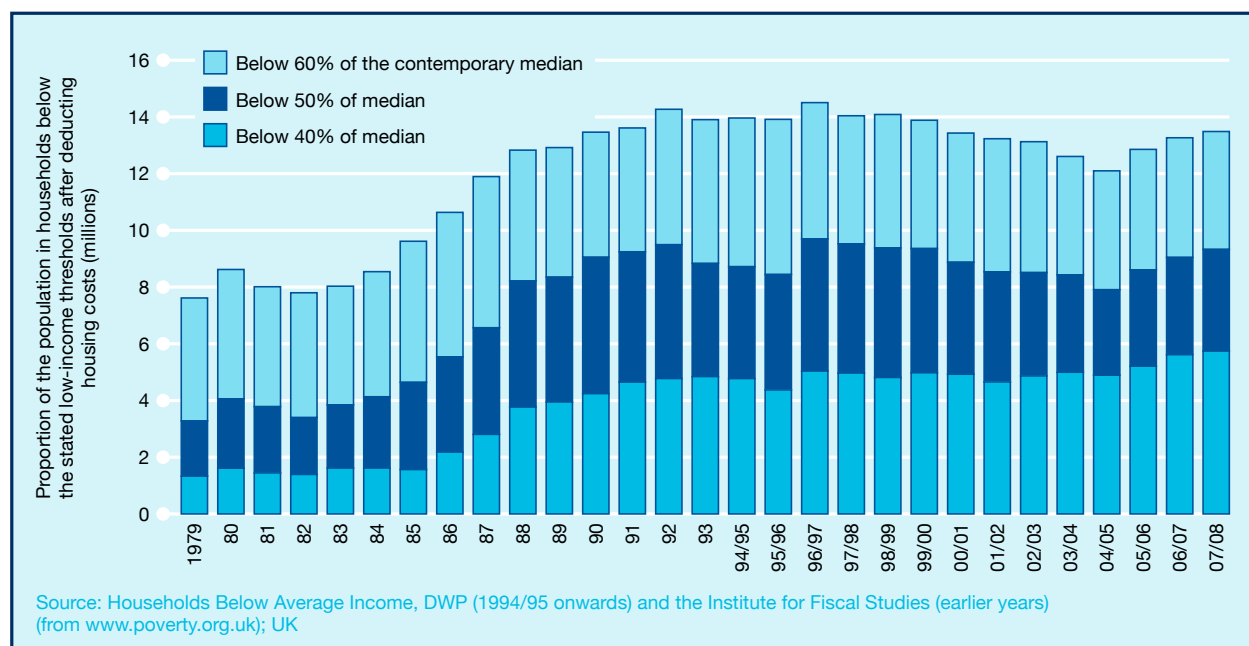
The number of children in low-income households has also risen in the last three years. As a proportion, it now stands at around 30% (AHC). All of this recent rise has been among children in working households and it is this that has undermined progress towards the target to end child poverty. Even the more modest target as set out in the Child Poverty Duty will not be reached without the problems of in-work poverty being addressed.

The number of people living below 40% of median income – that is, those with the very lowest incomes – is now higher than at any point in the last 25 years. In contrast to the number below the headline (60%) threshold, this number has continued to rise, slowly but steadily, since the mid-1990s.

Unemployment and the recession

At 6%, the proportion of working-age adults who were officially unemployed in the first half of 2009 was at its highest level since 1997. As was the case with the indicator on low income (Figure 1), this number had been increasing since 2005, well before the onset of recession. However, the increase in 2009 was far in excess of any previous year (Figure 2).

Figure 1: Number of people in low-income households



In addition, a further 6% of the working-age population are otherwise not working but would like to work. Taken together, this means that around one in eight of the working-age population lacks, but wants, a job.

The group at greatest risk of unemployment are those aged under 25. The unemployment rate for 16- to 24-year-olds (that is, the number of unemployed people as a proportion of those either in work or unemployed) is over 18%, which is higher than at any point since 1993, when this statistic was first reported. The reason why this rate is so high

is not that it has gone up much faster than the rate for older adults during the recession, but that even at its lowest, it never fell below 12%. Young adult unemployment stopped falling as long ago as 2001.

Education

In both English and mathematics, the proportion of 11-year-olds not attaining minimum standards has fallen consistently for a decade (Figure 3). This is true in schools with high levels of deprivation as well as schools in general. In 2008, around 30% of children

Figure 2: Proportion of working-age adults wanting work

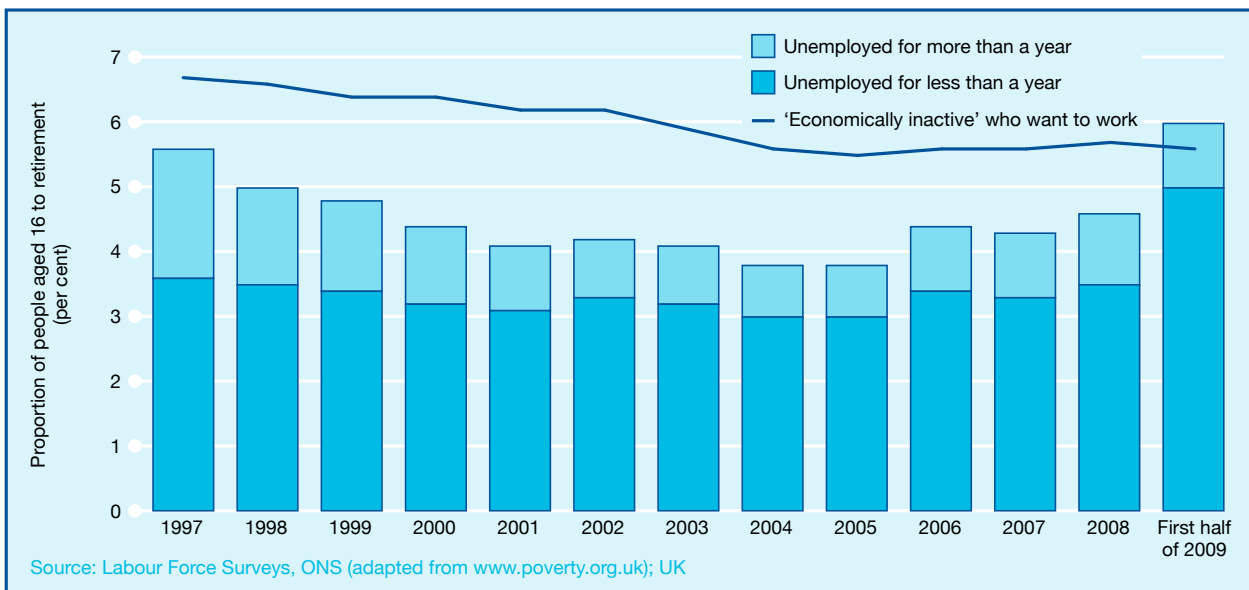
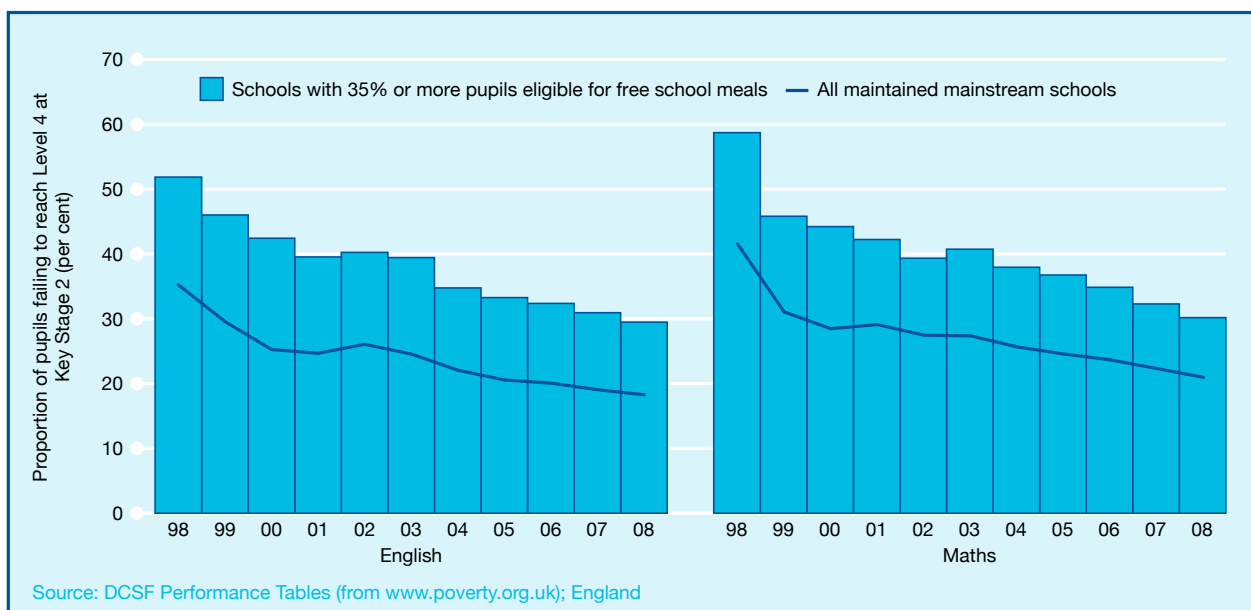


Figure 3: 11-year-olds not reaching a basic level of literacy and numeracy



in the most deprived schools and 20% of children in total did not attain these levels, compared with over 50% and 40% ten years earlier. In both cases, the most deprived schools are now at the level of average schools a decade ago.

Improvements are evident at age 16 as well, as the number of pupils attaining few or no GCSEs has reduced in recent years. In 2008, 70,000 pupils got fewer than 5 GCSEs of any grade, and 15,000 pupils obtained no GCSEs. Both of these figures are the lowest for at least a decade.

Health

The proportion of people who die before the age of 65 has reduced by around one-sixth in the last decade (Figure 4). The rate of premature death for men is much higher than for women – around 230 per 100,000 compared with 150 per 100,000. This difference in mortality risk becomes apparent early on. The mortality risk for men aged 15 to 24, whilst low compared with earlier years, is still over twice as high as for women of the same age.

The decrease in premature mortality is not the only example of adult health showing improvement. There has been a reduction in the proportion at risk of mental illness, particularly among women. There have also been improvements in child health, with infant mortality continuing to fall slowly, both among those born to parents in the ‘manual social classes’ (social classes 5 to 8) and among others. The rate among the former is, however, still 50% higher than among the latter. Similarly, the proportion of babies born with a low birth weight has continued to fall. Here, the risk among those born to parents in social classes 5 to 8 is about 20% higher than among others.

Fear of crime

In 2009, around 15% of adults in England and Wales said they were very worried about being a victim of violent crime. Around 10% said they were very worried about being burgled. As Figure 5 shows, both these figures are little more than half the levels of a decade earlier. Most of this improvement had taken place by 2004, but even so, the proportions are still continuing to drift downward.

One reason may be the decrease in the incidence of the crimes themselves, over ten years, to around half the level in the late 1990s.

Figure 4: Premature deaths of men and women

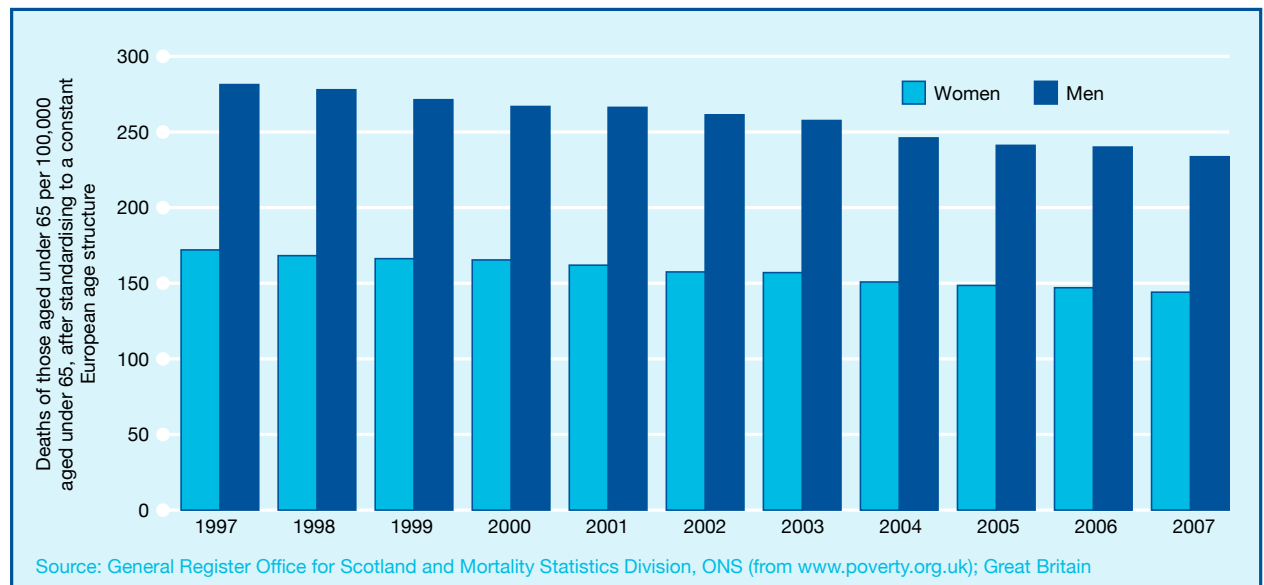
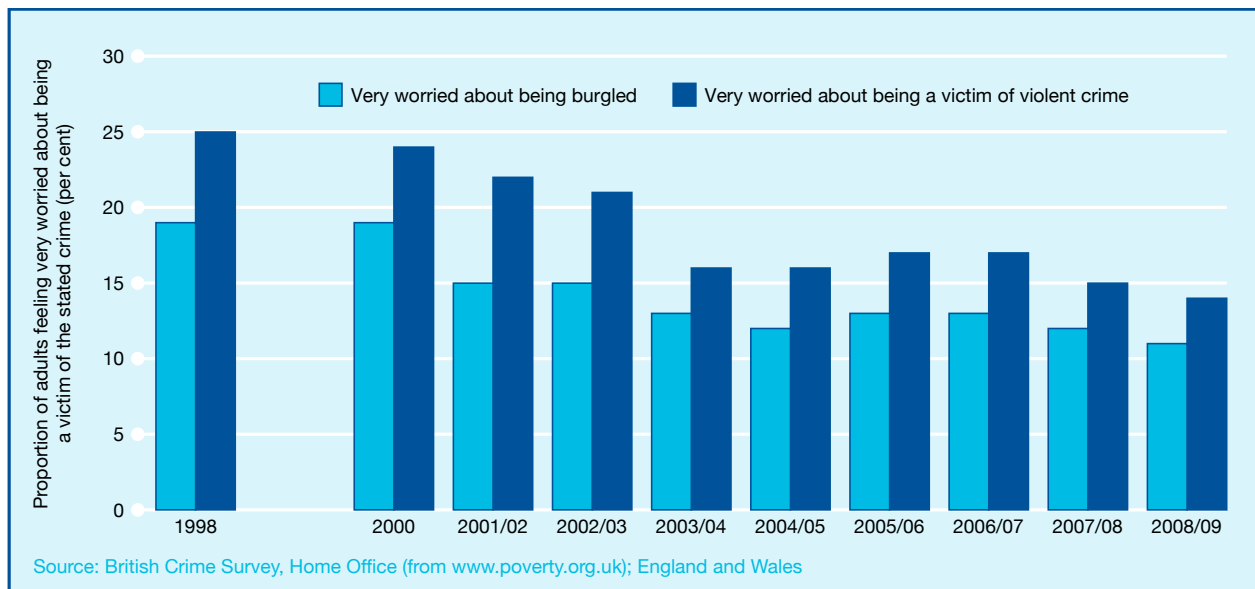


Figure 5: People expressing fear of violent crime and burglary



Conclusion

The recession is at the centre of this study, since it inevitably leads to lower employment, which in turn increases poverty. But, while important, the onset of recession is not the moment at which some trends became negative. Instead, across several key indicators, it is now clear that the turning point came much earlier, in 2004 or 2005. As a result, it is not just a matter of recovering from the recession but also of recovering from the underlying problems that were already growing before the economic downturn began.

Second, there is a contrast between the broader view of social exclusion and the narrower focus on child poverty. Along with the unemployment and lack of work that lies behind it, the child poverty targets have long been the higher priority for government. Yet many of the other things that come under the heading of social exclusion now have the better record.

Third, some progress has been recorded in the majority of the subjects monitored here. Even if that progress is deemed insufficient, long-term, gradual policy change is needed, rather than radical short-term change, in order to try to preserve what it is good in what has been done so far. And this, of course, would be the case irrespective of who forms the next UK government.

For further information

The full report, **Monitoring poverty and social exclusion 2009** by Tom MacInnes, Peter Kenway and Anushree Parekh, is published by the JRF (ISBN 978 1 85935 728 6, price £16.95). It is available as a free download from www.jrf.org.uk or www.poverty.org.uk.

All the underlying analyses for this *Findings* can be found at the poverty statistics website: www.poverty.org.uk

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