Monitoring poverty and social exclusion 2008

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Foreword

I am very pleased to write this foreword to the tenth anniversary edition of our annual report on poverty and social exclusion. The first report in 1998 – entitled 'Labour's Inheritance' – set a baseline, which has subsequently allowed the *Monitoring Poverty and Social Exclusion* series to monitor progress on tackling entrenched social problems across the spheres of welfare, employment, education, health, crime and community. It has continued to be an important part of JRF's output and its value has grown over time with the accumulation of layers of fascinating markers of success, failure and, in some areas, stagnation. It has also stimulated the wider use of poverty and social exclusion indicators by others, for example as in the Government's *Opportunity for All* reports.

1998 was a very different time, with an optimistic new government in power and on the cusp of making a startling commitment to eradicating child poverty as well as opening up a number of fronts on social exclusion. Our reports in the years following 1998 showed good annual progress on a range of subjects, including but not limited to child and pensioner poverty. And, as devolution in Scotland, Wales and Northern Ireland increased the divergence of policy-making, we responded with bespoke monitoring reports for each of the three nations. The website www.poverty.org.uk has grown into a unique resource for those wanting to know the latest information across an enormous range of socio-economic factors.

The reports in recent years have, however, shown an increasingly less rosy picture, with previous progress on a range of subjects either halting or even going into reverse. Furthermore, the current turmoil in the financial and wider sectors of the UK economy is still playing out and we do not yet know the full impact. In terms of the cost of living, this year's report analyses for the first time the differential impacts of inflation by income, showing that prices have risen at a higher rate for those on low incomes than for those on average and higher incomes.

The Joseph Rowntree Foundation's emphasis and priorities have and will continue to adapt in response to the challenges and opportunities of devolution, as well as the evolving economic, social and political landscapes. The three watchwords of the Foundation at the end of 2008 are 'search, demonstrate and influence'. The *Monitoring Poverty and Social Exclusion* reports remain a key part of that first function. Their role as an independent check on the impacts of policy and the economy on the lives of real people across the UK will, we know, continue to grow over the years to come.

Julia Unwin
Director, Joseph Rowntree Foundation

Introduction and commentary

The 1998 vision of poverty and social exclusion

This report marks the tenth anniversary of the first edition of *Monitoring poverty and social exclusion*. Published in December 1998, that first report preceded by a few weeks the Prime Minister's historic pledge to abolish child poverty within a generation. The first edition of the government's own annual monitoring report, *Opportunity for all*, appeared in autumn 1999.

In compiling this report – the selection of 50 indicators presented here constitute no more than an eighth of the total stock of graphs on all aspects of poverty and social exclusion across the UK maintained on our website www.poverty.org.uk – we looked to see how far we could sensibly reproduce the original selection from 1998. Almost all the indicators could be reproduced, but it was not always wise to do so.[1] In the end, some two-thirds of the indicators in this report featured in more or less the same form as a decade ago. The remainder are new, of which three, on costs, prices and debt, feature in the report for the first time.

Table 1 provides an overview of the scope of this report, showing the allocation of the 50 indicators between the six chapters and the eleven themes. Measured by the number of indicators, the biggest chapters are the ones for children and working-age adults while the most frequently occurring themes are for low income and health and well-being.

Table 1: indicators as arranged by chapters and themes

Theme	Money	Children	Young adults	Working-age adults	Pensioners	Community	Total
Economic circumstances – low income	3	2	1	1	1		8
Economic circumstances – social security	1			2	1		4
Economic circumstances – work		1	2	3			6
Debt	2						2
Prices	2						2
Education		2	2				4
Health and well-being		2		3	2		7
Social cohesion		4				2	6
Disadvantage in work				3			3
Housing						4	4
Access to services					2	2	4
Total	8	11	5	12	6	8	50

The decision to start by focusing on the 1998 report is fuelled by much more than mere nostalgia. Although that report appeared before Tony Blair made his pledge on child poverty, the government had already made it clear, in its *National strategy for neighbourhood renewal* (for England), that it would pursue a wide-ranging agenda to combat social exclusion. The 18 Policy Action Teams identified in that strategy were to examine subjects ranging from jobs and skills to 'schools plus' and access to shops and financial services.[2] The scope of the original *Monitoring poverty and social exclusion* report reflected the breadth of the government's original vision and it is that breadth that we want to stress in this report.

There are two reasons for this. First, official thinking about social exclusion gradually narrowed, to the point where in the preface to the 2006 *Action plan on social exclusion*, Tony Blair could identify the government's focus now as the '*2.5 per cent of every generation [who] seem to be stuck in a lifetime of disadvantage. Their problems are multiple, entrenched and often passed down through generations'*.[3] While the seriousness of the situation that such people find themselves in is not to be doubted, there are many people who face problems that can reasonably be put under the heading of 'social exclusion' who do not fall within that group. The broader scope of *Monitoring poverty and social exclusion* allows some of these people to be seen.

Second, the original, broad view of social exclusion also gradually came to be eclipsed by the importance attached to the drive to abolish child poverty. Campaigners outside of government have been at least as responsible as politicians for this shift of emphasis. Following this, while every edition of *Monitoring poverty and social exclusion* has certainly retained the broad scope, there is also no doubt that the points we have chosen to emphasise over the years have accorded greater weight to ending child poverty (understood as low income) than to anything else.

Yet now, as last year, there is nothing new to say about child poverty. In short, the overall level of child poverty remains broadly where it was in about 2003, the cumulative fall of some 500,000 since the baseline year being only half what is required to reach the government's *first* poverty reduction milestone, which was due to have been met by 2004/05.

The ten-year record

Against this background, this commentary offers a balanced assessment of progress across the whole spectrum of subjects covered in this report. In order to do that, each statistic reported here that measures change since 1997 has been classified according to whether it 'improved', 'worsened' or stayed 'steady' (a) in the first five or so years up to around 2002 or 2003, and (b) in the five or so years since. In most cases, these judgements are robust; when in doubt, the assessment has defaulted to 'steady'. Table 2 sets out the 56 statistics that measure change over time, along with their classifications.[4]

Table 2: 56 statistics measured over time – performance in each period

Chapter	Theme	Subject	Indicator	Over first five years	Over last five years
Money	Low income	Total number of people in low-income households	1	Improved	Steady
		Total number of people in very low-income households	1	Steady	Worsened
		Total number of people living below a fixed low-income threshold	1	Improved	Steady
	Low income (social security)	Low-income households who are paying full council tax	4	Worsened	Worsened
	Debt	Repossessions, and court orders for repossessions	6	Improved	Worsened
		More than twelve months in arrears with their mortgage	6	Improved	Steady
Children	Economic circumstances (low income)	Children in low-income households	9	Improved	Steady
	Economic circumstances (work)	Children in workless households	10	Improved	Steady
		Children in working families needing tax credits to avoid low income	11	Steady	Worsened
	Education	11-year-olds failing to reach Level 4 at Key Stage 2	12	Improved	Improved
		16-year-olds failing to get five or more GCSEs at A to C	13	Improved	Improved
		16-year-olds failing to get five or more GCSEs at any level	13	Improved	Steady
	Social cohesion	Children permanently excluded from school	14	Improved	Steady
		Looked-after children failing to get five or more GCSEs	15	Improved	Improved
		Pregnancies among girls aged under 16	16	Steady	Steady
		Children cautioned for, or guilty of, an indictable offence	17	Improved	Worsened
	Health and well-being	Proportion of live births born weighing less than 2.5kg	18	Steady	Steady
		Infant deaths	19	Improved	Improved
Young adults	Economic circumstances (low income)	Young adults in low-income households	20	Steady	Worsened
	Economic circumstances (work)	Young adult unemployment	21	Improved	Worsened
		18- to 21-year-olds who are low paid relative to average (median) earnings	22	Steady	Steady
	Education	16- to 19-year-olds not in education, training or work	23	Steady	Worsened
		19-year-olds lacking a Level 2 qualification	24	Steady	Improved
Working-age adults	Economic circumstances (low income)	Working-age adults in low-income working families	25	Steady	Worsened
		Working-age adults in low-income workless families	25	Improved	Steady
	Economic circumstances (work)	Working-age adults lacking but wanting paid work	26	Improved	Steady
		Working-age, workless households	27	Improved	Steady
		Disabled working-age adults in work	28	Steady	Steady
	Social security	Value of out-of-work benefits for pensioners, relative to earnings	29	Improved	Steady
		Value of out-of-work benefits for families with dependent children, relative to earnings	29	Improved	Steady
		Value of out-of-work benefits for working-age adults without dependent children, relative to earnings	29	Worsened	Worsened
		Working-age adults receiving out-of-work benefits for two or more years	30	Steady	Steady
	Disadvantage in work	Working-age adults who are low paid relative to average (median) earnings	31	Steady	Steady
		New claimants of Jobseeker's Allowance last claiming less than six months earlier	32	Improved	Worsened
		Pay gap between low-paid women and male median earnings	33	Improved	Improved
		Pay gap between low-paid men and male median earnings	33	Steady	Steady
		Pay gap between high-paid men and women and male median earnings	33	Worsened	Worsened
	Health and well-being	Deaths among those aged under 65	34	Improved	Improved
		Working-age adults aged 45 to 64 reporting a long-standing illness/disability	35	Improved	Steady
		Working-age adults at high risk of mental illness	36	Improved	Steady
Older people	Economic circumstances (low income)	Single pensioners in low-income households	37	Improved	Improved
		Pensioner couples in low-income households	37	Steady	Improved
	Economic circumstances (social security)	Pensioners not taking up benefits to which they are entitled	38	Worsened	Worsened
	Health and well-being	Pensioners reporting a long-standing illness/disability	39	Steady	Steady
		People aged 60 and over who feel very unsafe going out alone at night	40	Steady	Improved
	Access to services	People aged 75 and over helped by social services to live at home	41	Worsened	Worsened
		Low-income households without a bank account	43	Improved	Improved
		Low-income households without home contents insurance	44	Steady	Steady
Community	Housing	Households newly recognised as homeless	45	Worsened	Improved
		Homeless households in temporary accommodation	45	Worsened	Steady
		Individuals and households in overcrowded accommodation	46	Steady	Steady
		Non-decent homes	47	Improved	Improved
		Households in fuel poverty	48	Improved	Worsened
	Social cohesion	Geographic spread of claimants of out-of-work benefits	49	Steady	Steady
		Adult victims of burglary or violent crime	50	Improved	Improved
		Adults worried about being a victim of burglary or violent crime	50	Improved	Steady

Table 3 provides a summary of these statistics according to their performance in the two periods.

Table 3: overview of the 56 statistics, by performance in each of the two periods. In the first five-year period, 30 of the 56 statistics improved, 19 remained steady and just 7 worsened. In the second period, 14 of the 56 statistics improved, 26 remained steady and 15 worsened.

		Over last five years			
		Improved	Steady	Worsened	Total
Over the first five years	Improved	10	15	5	30
	Steady	3	11	5	19
	Worsened	1	1	5	7
	Total	14	27	15	56

What stands out in this table is how different the record has been in the two five-year periods. Over the first period, the record was strongly positive, with about half the indicators (30 out of 56) showing an improvement and just seven showing a worsening. This is a net position of plus 23. By contrast, over the second, just 14 improved while 15 worsened, leaving a net position of minus 1.

So which subjects fall where? Is there any kind of discernable pattern? And what is the wider significance?

Improvement stalled

Low income

Of the 30 statistics which improved in the first period, no fewer than 15 have shifted to the 'steady' classification in the second. Since this is by far and away the largest group to have changed their classification between the two periods, it is they who are principally responsible for the much changed overall picture. One of them, of course, is child poverty – **children living in low-income households** (indicator 9). But, since this is but one out of ten low-income statistics included here, how far is the change in the overall picture mainly to do with a loss of momentum on poverty?

In fact, just three other low-income statistics fall into this category, namely **working-age adults in low-income workless families** (25) and two all-group totals, namely **people in low-income households** (1) and **people in households with an income below a fixed income threshold** (1).

In common parlance, this last statistic is an 'absolute' poverty measure, whereas all the others in this report are 'relative' ones. Since it is sometimes said that one of the reasons why the government has had such difficulty achieving its anti-poverty targets is precisely because they are relative, it is of note that this 'absolute' poverty measure has also stalled after earlier progress.

Social security

Five statistics that play a direct role in influencing the extent of low income also follow this pattern of earlier progress petering out. Two concern social security: the **value of out-of-work benefits for pensioners relative to earnings** (29) and the **value of out-of-work benefits for families with dependent children relative to earnings** (29).

Work

The other three concern work or the lack of it, namely: ***children in workless households*** (10)***; working-age, workless households*** (27) and ***working-age adults lacking but wanting paid work*** (26). All three of these statistics ceased to fall around 2004.

Education

The two education statistics in this group are ***children permanently excluded from school*** (14) and ***16-year-olds who fail to get five or more GCSEs at any level*** (13). This latter is particularly important, the lack of further progress (in this case from about 2000 onwards) being in marked contrast to the continued progress in the 'headline' statistic, namely those gaining five GCSEs at grade C or above. Note that those failing to get five GCSEs at any level constitute about 10 per cent of 16-year-olds.

Social cohesion

The number of ***adults worried about being a victim of burglary or violent crime*** (50) stabilised in about 2004 at levels that were only half of what they had been in 1997.

Health and well-being

Earlier (though admittedly, less clear-cut) falls also petered after 2003 in the numbers of ***working-age adults at high risk of mental illness*** (36) and in the proportion of ***working-age adults aged 45 to 64 reporting a long-standing illness/disability*** (35).

Debt

Finally, the number of ***households more than twelve months in arrears with their mortgage*** (6) fell steadily to about 2004, since when it has remained (up to 2007) at a level similar to the early years of the decade. The full significance of this statistic, however, can only be judged when compared with its companion series, on the number of repossessions – and it is to that we now turn.

Improvement undone

Debt

Of all the statistics included in this report, the sharpest reversal of a previously positive trend belongs to the number of ***court orders for repossession*** (6) which, in 2007, was approaching the levels seen in 1990 and 1992 (the two years either side of the peak year for the previous house price slump), having bottomed out in about 2003. Actual repossessions, which bottomed out at the same time, had, by 2007, returned to the levels of the late 1990s.

Housing

The number of households in fuel poverty (48) has shown almost as spectacular a reversal as court orders for repossession. Between 1996 and 2003, it reduced by three-quarters. Between 2004 and 2006 (the latest available data), however, it doubled with further increases likely since then given rises in energy prices.

Social cohesion

The number of **children cautioned for, or guilty of, an indictable offence** (17) has been rising since its low point of 2003. The increase since then, of about a fifth, takes this statistic back to where it was in the late 1990s.

Disadvantage at work

Another statistic which appears to have recently jumped to levels last seen in the late 1990s is the number of **new claimants of Jobseeker's Allowance who were last claiming less than six months earlier** (32). This statistic is a proxy for the insecure nature of employment at the bottom of the labour market, creating a 'no job, short-term job, no job' merry-go-round.

Work

One of the bleakest statistics is that for the rate of **young adult unemployment** (21). What makes it so bleak is not only the fact that decline from the late 1990s to a low in about 2003 was more than fully reversed over the period 2005 to 2007 but also the fact that, even at its lowest, the unemployment rate for 16- to 24-year-olds still stood at 12 per cent.

Stagnation then deterioration

Worse even than those statistics which deteriorated after a period of improvement (they are, at least, still no worse than they were in 1997) are those which deteriorated after a period in which there had been no progress to speak of.

Education

First among these is the proportion of **16- to 19-year-olds not in education, training or work** (23) which, though falling up to 2000, had returned to its 1997 level by 2002 and exceeded it by 2007.

Low income

All the other statistics in this group are to do with low income. **The total number of people in very low-income households** (1) has been rising since 2004/05 to an all-time high of 5.5 million in 2006/07. In the past, government statisticians have sought to play down the significance of this statistic by pointing to doubts about its reliability. While these doubts may be valid, the recent increases are very marked.

The proportion of **young adults in low-income households** (20) has returned in the last two years to levels not seen since before 1997. This rate is well above that for the working-age adult population as a whole.

The number of **working-age adults in low-income working families** (25) – 'in-work' adult poverty – has also jumped in the last two years, having been rising gently since 2002. As a result, not only does it now stand fully one million above where it did in the mid-1990s but it also exceeds, probably for the first time, 'out-of-work' adult poverty.

In turn, this is directly connected with what is undoubtedly the most problematic poverty statistic, namely the number of **children in working families needing tax credits to avoid low income** (11).

The classification of this statistic prior to 2003 is somewhat uncertain since it covers a period when tax credit arrangements were being reformed. But what really matters is the undisputed rise of more than half a million since 2001/02. This increasing *need* for tax credits among children in working families must contribute towards the explanation of why the government has fallen so far short of its child poverty targets: in short, while the measures introduced by government have helped increasing numbers of children to escape poverty, the number requiring such help has also been growing steadily.

Turnaround for the better

While the overall picture in the second period is much poorer than it was in the first, there are some statistics where the recent record is better than the earlier one.

Social cohesion

Among both women and men, the proportion of **those aged 60 and over who feel very unsafe going out alone at night** (40) is now a third lower than it was in the years up to 2002.

Low income

Similarly, the number of **pensioner couples in low-income households** (37), which was steady up to 2002/03, has since fallen by about a quarter.

Education

The proportion of **19-year-olds lacking a Level 2 qualification** (24) has also arguably been coming down since 2004, having shown no clear trend since the late 1990s. This is, in fact, an especially problematic statistic since there are two, somewhat conflicting, sources for the recent period. Nevertheless, they do both show improvement since 2004, albeit at a rather different pace.

Housing

Two statistics to do with homelessness both show recent improvement. The number of **homeless households in temporary accommodation** (45) was rising up to 2004 since when it has improved (fallen back) a little.

Meanwhile, the number of **households newly recognised as homeless** (45), which was getting worse, reaching a high point in 2003, has since fallen rapidly, halving over four years and bringing it down to a level that is well below where it stood in 1997. As a result, this is the one statistic which has switched from 'worsened' to 'improved'.

Sustained improvement

Some things have clearly been improving throughout the whole of the government's lifetime.

Education

Three education statistics fall into this group. The proportion of ***11-year-olds failing to reach Level 4 at Key Stage 2*** (12) has nearly halved over the decade, from nearly 40 per cent down to 20 per cent. The proportion of ***16-year-olds failing to get five or more GCSEs at A to C*** (13) has come down, from 55 per cent to 40 per cent, over the same period. As noted above, however, this success has been accompanied by a failure, since 2000, to reduce the proportion failing to reach the lower level of attainment of just five GCSEs.

The proportion of ***looked-after children failing to get five or more GCSEs*** (15) has been coming down since about 2001. But, with still more than 40 per cent of such children failing to achieve any GCSEs at all, their levels of attainment still fall far short of those for 16-year-olds as a whole.

Health and well-being

Death rates, both ***infant deaths*** (19) and ***deaths among all those aged under 65*** (34) have continued to decline, in both cases by about one sixth over the last decade.

Where data is available by social class on these rates over time – as it is for infants – it shows a fairly uniform decline across the classes. So, while there has been improvement across the board, the levels of inequality have not reduced.

By contrast, although the data that is available confirms that the risk of premature death from any one of several causes is much higher for those from manual backgrounds than for those from non-manual ones, the sparseness of official data on this makes it impossible to assess whether inequalities by class have fallen too (data on this subject is only published once a decade, with the latest data [at the time of printing] being 1999 for women and 2003 for men, and with the 2003 data only becoming available in 2008).

Disadvantage at work

There has been a steady and continuing decline in the ***pay gap between low-paid women and male median earnings*** (33). Since the corresponding gap between low-paid men and the median has remained unchanged over the period, this implies that the gap between low-paid men and low-paid women has come down, to about half of what it was in the mid-1990s. Even so, the difference, to the disadvantage of women, is still pronounced.

Housing

The proportion of ***non-decent homes*** (47) has come down from a half to a quarter over the decade. With thermal (in)efficiency being the principal reason for homes being classified non-decent, this fall has been an important factor in the steady fall in fuel poverty up to 2003 – before the more recent price rises eroded the gains.

Social cohesion

The proportion of adults who tell the British Crime Survey that they have been **adult victims of burglary or violent crime** (50) has also continued to decline steadily. Despite this, as noted above, fear of crime, which was falling in the first period, has ceased to do so further since about 2004.

Low income

The number of **single pensioners in low-income households** (37) is only about half what it was a decade ago. The fall was gradual in the earlier period, but was much faster after 2001. This, though, is a statistic which ceased to fall in 2005.

Access to services

Another statistic where the improvement has been much more rapid in recent years (since 2003) is the proportion of **low-income households without a bank account** (43). The success here, with a problem that was flagged in one of the 1999 Policy Action Team reports, stands in contrast to what has happened on household contents insurance.

Continued deterioration

Social security

Three of the five statistics which have worsened steadily across the whole period are to do with the design and/or administration of the social security system.

The proportion of **pensioners not taking up benefits to which they are entitled** (38) has three elements to it, to do with Housing Benefit, Council Tax Benefit and Pension Credit. All three are about a third higher than a decade ago, with the latter two both now around the 40 per cent level.

The proportion of all **low-income households who are paying full Council Tax** (4), that is receiving no Council Tax Benefit, has also risen by a third over the decade, to 60 per cent. While non-take-up is the issue as far as low-income pensioner households is concerned, the rules governing entitlement are also a major factor for the almost 90 per cent of low-income, working families who pay the tax in full.

Since real increases (that is, above the rate of inflation) to social security benefits have been confined to pensioners and children, the **value of out-of-work benefits for adults without dependent children, relative to earnings** (29), has inevitably declined and is now 20 per cent below where it was a decade ago.

Disadvantage at work

Unlike the pay gaps for low-paid men and low-paid women which have either stayed steady or declined compared with median earnings, the **pay gap between high-paid men and women compared with male median earnings** (33) has continued to rise. Put another way, while some of those at the bottom of the pay distribution have moved a little closer to the average, so those at the top have continued to move further away.

Access to services

The final statistic which has declined steadily over the two periods, down by a quarter since 1997, is the ***proportion of people aged 75 and over helped by social services to live at home*** (41). We understand the explanation for this to be a general policy to focus resources on those deemed most in need and it should be added that the statistic was also declining before 1997.

No change

The final group of statistics are those which remained largely unchanged in each of the two periods. Although initial attention in the kind of classification used in this report tends to be directed towards those statistics whose performance has been changing, the 'no change' group in this case is in fact extremely important. That is because, in all cases bar those relating to housing, health and well-being, it is reasonable, given government policies and priorities, to have expected an improvement.

Social cohesion

The strongest example of this is the statistics measuring the ***geographic spread of claimants of out-of-work benefits*** (49). Although the total number of such benefit recipients has come down, the degree to which they are concentrated in particular localities has not. So in 2008, as in 2000, the 10 per cent of local areas with the highest concentration of claimants contain around a quarter of all claimants (with the highest 25 per cent, now and then, containing a half). This is despite the range of government initiatives following the publication of the *National Strategy for Neighbourhood Renewal*.

The ***number of pregnancies among girls aged under 16*** (16) is another statistic where improvement (reduction) could certainly have been expected given the importance (and the resources) attached to it by government. It is true that the proportion that led to births, as opposed to those terminated by abortion, has gone down, but this is obviously a rather different matter.

Access to services

Thanks to its status as one of the recommendations of the relevant Policy Action Team report in 1999, it is also reasonable to have expected the proportion of ***low-income households without home contents insurance*** (44) to have come down (closing the gap relative to average-income households). The government's success in obliging the banks to cut dramatically the proportion of households without a bank account only serves to highlight the lack of progress on insurance.

Disadvantage at work

Despite the minimum wage, the proportion of ***working-age adults who are low-paid relative to average (median) earnings*** (31), using a threshold of £7 per hour in 2007 (which roughly corresponds to most calculations of a 'living wage') has not declined. There has also been no fall in the proportion of ***18- to 21-year-olds who are low-paid relative to average (median) earnings*** (22). And in contrast to low-paid women, where the minimum wage does appear to have improved their position somewhat, the ***pay gap between low-paid men and male median earnings*** (33) has not really come down.

Social security

The general improvement in employment conditions, at least up to 2004, might have led to an expectation of some fall in the number of **working-age adults receiving out-of-work benefits for two or more years** (30).

Work

Similarly, it might also have been reasonable to expect there to have been some increase in the proportion of **disabled working-age adults in work** (28). The lack of progress here stands in sharp contrast to the substantial increase in the employment rate for lone parents, at least to 2006.

Housing

By contrast, the lack of substantial change in **individuals and households in overcrowded accommodation** (46) is perhaps not unexpected given that the number of homes has been rising at roughly the same rate as the number of households.

Health and well-being

The proportion of **live births born weighing less than 2.5kg** (18) has remained largely unchanged, both overall and for those born to parents from manual backgrounds. Measures to combat child poverty could – perhaps – have been expected to have reduced the differential somewhat.

Finally, the proportion of **pensioners reporting a long-standing illness or disability** (39) has also not changed, fluctuating between 30 per cent and 40 per cent for those aged 65 to 74 and between 40 per cent and 50 per cent for those aged 75 and above. In both cases, although especially for those in the younger group, the reported incidence of such conditions is markedly higher for those with lower incomes. While there is nothing in the government's programme that would have led to an expectation of improvement, the absence of any obvious major policy initiatives in this area is striking, given its extent, its contribution to well-being, and the importance which has been attached to improving pensioners' financial circumstances.

Seven lessons

So what are the conclusions for what should be done from now on? We think there are seven, not about specific actions but rather about the way in which the subjects discussed here are thought about as part of a bigger picture.

First, there was once a great deal more to the government's vision of poverty and social exclusion than 'ending child poverty'.

Ten years ago, the challenge was to get child poverty reduction added to the government's agenda. Ten years on, the challenge is to prevent it dominating the social policy agenda to the exclusion of virtually all else.

Second, attempts to find a way forward again on child poverty, after several years of stagnation, must be based on a much deeper understanding of the forces at work.

For one thing, the evidence shows that it was not just progress on child poverty that slowed sharply in 2004 but also a range of statistics to do with unemployment and worklessness. Simply to reach for the policy levers with the closest direct links to the incomes of low-income households with children, namely tax credits, and work out how much extra would be required to get the requisite number of families over the line, takes no account of these economic facts.

But even when the employment position eventually starts improving again, solutions to the child poverty problem must take account of the adverse trends to do with work itself. First among these is the seemingly inexorable rise in in-work poverty, to the point where a child in poverty is more likely to belong to a working family than to a non-working one. Behind this lies the rising number of children in working families who need tax credits to avoid poverty. The recently increasing numbers of people experiencing the no job/temporary job/no job merry-go-round is another sign. So too is the weak to non-existent improvement in the low pay statistics despite the minimum wage.

In short – and this is the third lesson – the answer is nowhere near as simple as 'work is the route out of poverty'. Instead of being idealised, 'work' needs to be scrutinised and the problems it can cause understood in addition to the solutions it can provide.

Fourth, many of the things that were on the government's poverty and social exclusion agenda ten years ago do not fall under headings where the question is 'how to start making progress again'. In particular, some things have been getting worse all the time.

In this regard, it really is noticeable how badly the social security system comes out of this assessment, with three of the five statistics that worsened in both periods being directly to do with it (while a fourth is to do with a related matter of social care). These statistics cover all aspects of the system, from frozen levels of benefits for some, rising non-take-up among those who are entitled and rising non-entitlement among those who ought to be entitled, namely those on low incomes.

It is surely impossible to overstate the importance of this issue for any government committed on the one hand to fairness and social justice and on the other to disbursing state benefits via means-testing social security (on the grounds that it allows resources to be concentrated on those who need them most).

Fifth, the successes of the last ten years need to be stressed in order to confront the damaging idea that everything always gets worse and that nothing can be done about it.

All ten statistics that have improved steadily over the decade are not only matters of great importance to society as a whole but have also in all cases bar one (the educational performance of looked-after children) improved substantially. Where specific data is available to show whether people in the lower strata of society have benefited as well as people on average, the evidence suggests that they have – although there is rarely evidence of that gap narrowing. Broadly speaking, it appears that progress all round has meant that inequalities have remained steady.

Some of this progress must rank as very significant, perhaps above all the three statistics that have halved over the decade. The proportion of 11-year-olds failing to reach the widely accepted target level of attainment (that is, Level 4) at Key Stage 2 is down from 40 per cent to 20 per cent. The proportion of homes deemed to be non-decent, largely a measure of energy inefficiency, is down from 50 per cent to 25 per cent. And the self-reported levels by victims of violent crime and burglaries are down from 2 million and 1.5 million incidents a year to 1 million and 0.75 million respectively. Yet these are hardly ever mentioned or, if they are (e.g. crime), are frequently dismissed as somehow wrong.

Of course, it is always debatable (a) how far government is responsible for these things and (b) even if it is, whether progress should have been faster. But had the record been very different, and especially if any of them had been trending upwards rather than downwards, there is little doubt that government would have been held accountable.

Sixth, the failures of the last ten years also need to be exposed and re-examined, whether to conclude that some things cannot be done or that others must be done better.

For example, the failure to reduce the number of underage pregnancies – once, at least, a high priority – deserves attention for what it may have to say about the limits of policy in relation to intimate personal behaviour (the idea that couples should be encouraged to stay together might be another). Just because government wants to do something does not always mean it really can.

The failure to reduce the extent to which people without jobs and receiving benefits are concentrated in particular local areas raises different questions. Seen as essential to repair the damage done during the two deep recessions of the early 1980s and 1990s, the significance of this lack of progress can hardly be overstated. Since the problem – that is, for the people themselves who live in these areas – remains, there is a duty to find a more effective answer than that which was attempted after 1998.

Seventh, the broad agenda on poverty and social exclusion of 1998 was so much more flexible – and potentially offered more to more people – than the narrow preoccupations that have gained currency in recent years.

'Social exclusion' is a French concept, which entered into British politics after 1997 via the European Union. Although meaning slightly different things to different people, its very vagueness is arguably somewhat helpful. Ten years ago, we contented ourselves with a definition that aligned it with the broad notion of poverty advanced by Peter Townsend, adding that its *'great practical value is that it widens the focus to include factors that may be thought to cause severe and chronic disadvantage'*. We strongly believe that this is still a useful formulation.

From this perspective, we have highlighted several topics in this discussion, particularly among those subjects where there has been neither progress nor regress over the past decade, as ones deserving of serious attention. If we could pick just three, they would be: the 10 per cent of 16-year-olds who get just a few, or no GCSEs – no progress here since 2000; the 40 per cent of 65- to 74-year-olds suffering from a limiting long-standing illness or disability; and the 50 per cent of low-income households who lack home contents insurance.

In the end, however, the point is less the specifics than the all-encompassing idea that allows these subjects to be raised and addressed within a recognisable and coherent framework. Ten years ago, 'ending poverty and social exclusion' was that idea. Since the need for it has hardly abated, it needed to be revived, strengthened and brought up-to-date to address the challenges presented by the current much harsher conditions.

Notes

[1] One important criterion for graph selection is whether an increase in a chosen statistic is unambiguously 'good' or 'bad'. For example, one of the original indicators used the numbers entering drug treatment programmes as a measure of the drug problem. If the programmes and administrative procedures governing them are unchanged, then a rise in the number joining such programmes may be taken as a sign that the underlying problem of drug abuse is getting worse. In that case, a rise would be 'bad'. But if, on the other hand, a new programme is introduced or some other administrative change is made, an increase in the numbers attending may reflect the greater success of that programme, rather than any worsening of the underlying problem. In that case, a rise would be 'good'. These ambiguities cannot always be avoided (in which case, the way the subject is discussed in the surrounding text is all-important), but they are certainly undesirable in a report where the basic picture should ideally be clear at a glance.

[2] *Bringing Britain together: a national strategy for neighbourhood renewal*, September 1998.

[3] *Reaching out: an action plan on social exclusion*, Prime Minister's Preface, September 2006.

[4] The 56 statistics come from 44 of the 50 indicators. This is because several indicators contain more than one distinct series while a number of others, chiefly in the income chapter, either contain none or are obvious duplicates of others.

Chapter 1 **Money**

Low income

Choice of indicators

This theme presents the key statistics for the numbers of people living in low income in the UK. It also includes material on income inequalities throughout the income distribution and on people who are in low income but are nevertheless having to pay full Council Tax.

A household is defined as having a 'low income' if its income is less than 60 per cent of the median UK household income for the year in question. The value of this 60 per cent threshold in terms of pounds per week varies according to how many adults and children live in the household. For example, in 2006/07 (the latest year for which data is available) it was worth £112 for a single adult with no dependent children, £189 for a lone parent with two children under 14, £193 for a couple with no dependent children and £270 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).

Although the only official government poverty target (to reduce child poverty by half by 2010) is defined using the alternative 'before housing costs' (BHC) measure, there are several reasons for continuing to rely on the AHC measure. First, like income and Council Tax, housing costs are effectively a 'given' and must be met; it is the money left over that is therefore the measure of a household's standard of living.

Second, the BHC measure treats a rise in Housing Benefit consequent upon a rise in rent as an *increase* in income (rather than no change). The policy implications of this are very perverse.

Third, the 2004/05 target, to reduce child poverty by one million, was pitched in both AHC and BHC terms, with comments on progress most often made using the AHC measure. Since no part of the UK has yet reached that target, clarity and consistency are served by the continued use of the AHC measure. It should be noted, however, that our later indicators on children and pensioners in low-income households present information on both the AHC and the BHC bases.

Being defined in relation to average income, these measures are self-evidently relative. But that does not mean that it is only something called 'relative poverty' that is being measured. Rather, it reflects the view that poverty is something that is inherently relative, when someone is so short of resources that they are unable to attain the minimum norms for the society in which they live.

1 Numbers in low income

The first indicator shows how the number of people living in low-income households has changed over time, with annual figures going back to 1979. The main definition of low income used in this indicator, as elsewhere in this report, is a household income below 60 per cent of *same-year*, median household income after deducting housing costs (a threshold which rises as the country becomes richer). In addition:

■ The first graph also shows the number of people living in households below 50 per cent and below 40 per cent of same-year median household income.

■ The second graph shows the number of people living in households with incomes below the 1996/97 60 per cent threshold (adjusted only for inflation) in each year since 1996/97. It also shows the numbers below half the average 1979 income (again adjusted only for inflation) in each year up to 1994/95 (up until 1994/95, low-income thresholds were defined in terms of half-average income rather than 60 per cent of median income, but these were similar amounts of money).

2 Low income by age group

This indicator shows what has happened to rates of low income among children, adults of working age and pensioners. The first graph shows the proportions of each of these groups living in low-income households for each year since the mid-1990s. The supporting graph shows the change in the number of people in each group living in low-income households comparing the latest year in the first graph (2006/07) with the earliest (1994/95). In this second graph, working-age adults are split according to whether they are living with dependent children while all groups are split according to whether there are one or two adults in the family.

3 Income inequalities

As the low-income thresholds above are measured in relation to *median* income, they can be seen as being about inequality in the *lower* half of the income distribution only. In looking at what has happened to the *whole* of the income distribution, this indicator is therefore moving beyond poverty to look at income inequality more widely.

The first graph shows how incomes (after adjusting for inflation) have changed between 1996/97 and 2006/07 in percentage terms for each level of household income. The supporting graph shows where the extra income available in the latest year compared with the start year has gone – that is, how the extra cake has been divided up between the different parts of the income distribution. To represent this distribution, households are divided into ten equal sized groups (deciles), the first having the lowest income and the last having the highest.

4 Low income and Council Tax

This indicator looks at people who are in low-income households yet paying full Council Tax. The stimulus for this is the observation that many people become liable for Council Tax, on the basis of their income, even though that income is below the level at which they have to start paying Income Tax. The first graph shows the proportion of people who are in low-income households where the household is paying full Council Tax. The data is for each year over the last decade and covers England and Wales. The supporting graph provides a further breakdown, showing the equivalent proportions by family type, namely working-age families where at least one of the adults is working, pensioner families, workless working-age families without dependent children and workless working-age families with dependent children.

What the indicators show

1 Numbers in low income

The number of people on low incomes rose in 2006/07 for the second year in a row. This rise occurred at all thresholds of low income.

The number of people below a fixed 1996/97 low-income threshold rose in 2006/07 for the second year in a row, after having halved in the previous eight years as real incomes rose.

2 Low income by age group

Working-age adults are now more likely to live in low-income households than pensioners, a reversal of the 'normal' historical position. Children remain much more likely to live in low-income households than adults.

The only group where the number of low-income people is higher than a decade ago is working-age adults without dependent children.

3 Income inequalities

Except for those in the top and bottom tenths of the income distribution, households with below-average incomes have enjoyed bigger *proportional* increases over the last decade than households with above-average incomes.

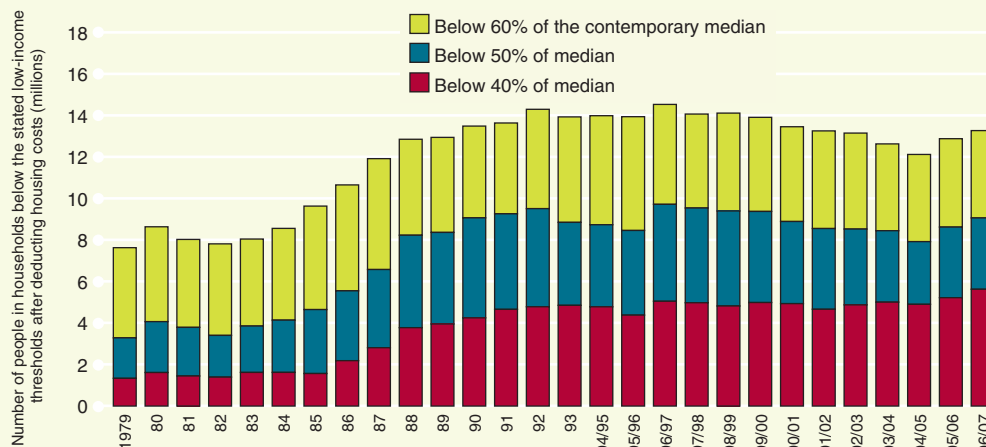Nevertheless, three-quarters of the *extra* income compared with a decade ago has gone to those with above-average incomes, including one third going to those in the richest tenth.

4 Low income and Council Tax

Nearly six in ten low-income households are paying full Council Tax, up by one third compared with a decade ago.
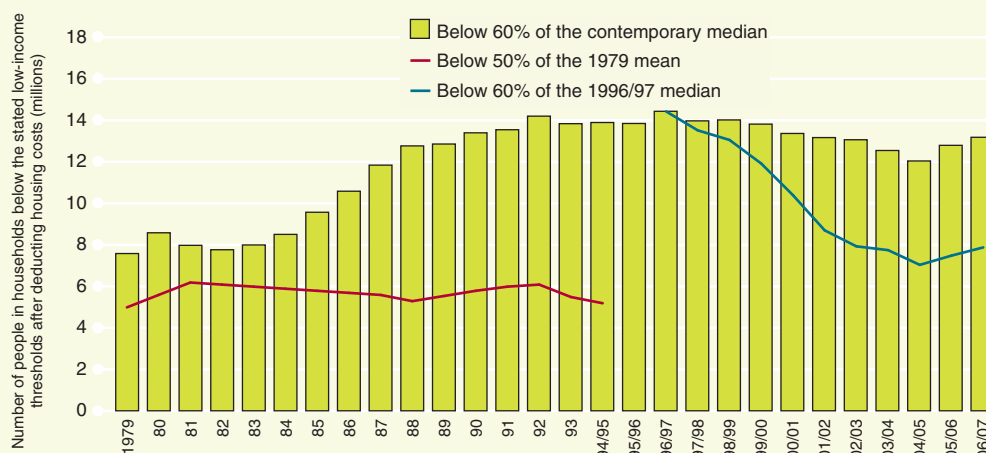
The vast majority of low-income working-age families where someone is working, pay full Council Tax.

Numbers in low income

1A: The number of people on low incomes rose in 2006/07 for the second year in a row. This rise occurred at all thresholds of low income.

Below 60% of the contemporary median
Below 50% of median
Below 40% of median

Number of people in households below the stated low-income thresholds after deducting housing costs (millions)

Source: Households Below Average Income, DWP (1994/95 onwards) and the IFS (earlier years); UK

1B: The number of people below a fixed 1996/97 low-income threshold rose in 2006/07 for the second year in a row, after having halved in the previous eight years as real incomes rose.

Below 60% of the contemporary median
Below 50% of the 1979 mean
Below 60% of the 1996/97 median

Number of people in households below the stated low-income thresholds after deducting housing costs (millions)

Source: Households Below Average Income, DWP (1994/95 onwards) and the IFS (earlier years); UK

The first graph shows the number of people living in households below 40 per cent, 50 per cent and 60 per cent of the contemporary British median household income for each year since 1979. The second graph provides three measures of low income. The bars show the number of people in households below 60 per cent of contemporary median income for each year since 1979 (i.e. they are the same in each year as the bars in the first graph). The line from 1996/97 onwards shows the number of people below a fixed threshold of 60 per cent of 1996/97 median income (adjusted for price inflation). The line from 1979 to 1994/95 shows the number of people below a fixed threshold of 50 per cent of 1979 mean income (adjusted for price inflation) – 50 per cent of mean rather than 60 per cent of median being used because this was the threshold of low income commonly used at the time.

The data source for both graphs is Households Below Average Income (HBAI), based on the Family Resources Survey (FRS) since 1994/95 and the Family Expenditure Survey (FES) for earlier years. The analysis of the FES dataset was undertaken by the IFS. The data relates to the United Kingdom, although this has required Great Britain figures for the years 1994/95 to 2001/02 to be scaled up as Northern Ireland was not included in the survey for these years. Income is disposable household income after deducting housing costs. All data is equivalised (adjusted) to account for differences in household size and composition. The self-employed are included in the statistics. Note that in 2007 the Department for Work and Pensions (DWP) made some technical changes to how it adjusted household income for household composition (including retrospective changes) and, as a result, the data is slightly different than previously published figures.

Overall adequacy of the indicator: high. The FRS and FES are both well-established annual government surveys, designed to be representative of the population as a whole.

Low income by age group

2A: The proportions of children and pensioners who live in low-income households are lower than a decade ago. By contrast, the proportion for working-age adults without dependent children has remained unchanged.

Proportion of the group in households below 60% of median income after deducting housing costs (per cent)

— Children   — Pensioners   — Working-age adults

94/95 95/96 96/97 97/98 98/99 99/00 00/01 01/02 02/03 03/04 04/05 05/06 06/07

Source: Households Below Average Income, DWP; UK

2B: The only group where the number of low-income people is higher than a decade ago is working-age adults without dependent children.

Change in the number of people below 60% of contemporary median income after deducting housing costs between 1994/95 and 2006/07

Pensioners   Children   Working-age adults with dependent children   Working-age adults without dependent children

■ In single adult families
■ In couple families

Source: Households Below Average Income DWP; Great Britain

The first graph shows the risk of a person being in a low-income household, with the data shown separately for children, pensioners and working-age adults. The second graph shows the numbers of people in low-income households by type of person (children, pensioners and working-age adults with or without dependent children) and family type (single adult or couple), showing the change in the numbers between 1994/95 and 2006/07.
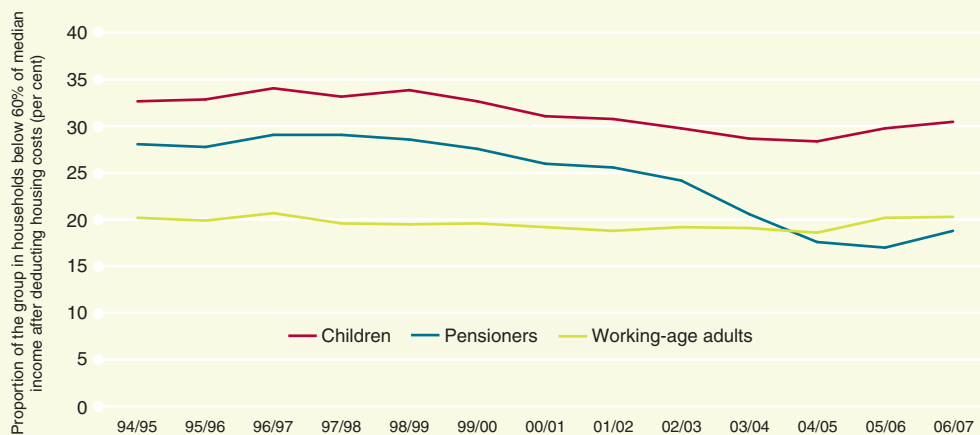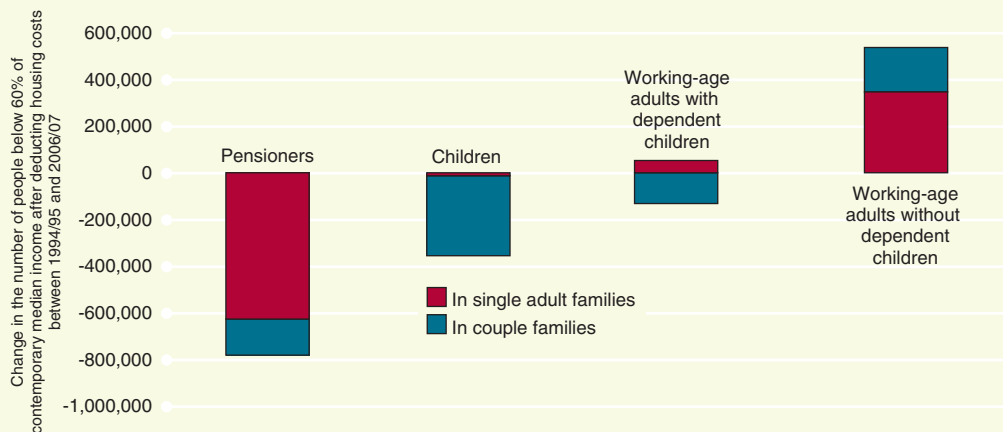
The data source for both graphs is Households Below Average Income (HBAI), based on the Family Resources Survey (FRS). A child is defined as an individual who is either under 16 or is an unmarried 16- to 18-year-old on a course up to and including A level standard (or Highers in Scotland). For 2002/03 onwards, the data in the first graph relates to the United Kingdom while the data for earlier years is for Great Britain (FRS did not cover Northern Ireland until 2002/03) and, given this, the data in the second graph relates to Great Britain. Income is disposable household income after deducting housing costs and the low-income threshold is the same as that used elsewhere, namely 60 per cent of contemporary median household income. All data is equivalised (adjusted) to account for differences in household size and composition. The self-employed are included in the statistics.

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

Income inequalities

3A: Except for those at the top and bottom of the income distribution, households with below-average incomes have enjoyed bigger proportional increases over the last decade than households with above-average incomes.
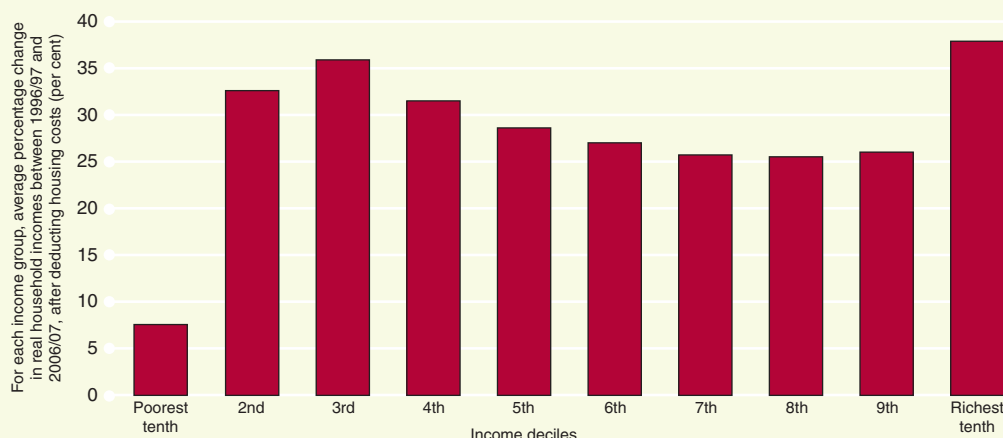
Source: Households Below Average Income, DWP; Great Britain

3B: Three-quarters of the total increase in incomes over the last decade has gone to those with above-average incomes and a third has gone to those in the richest tenth.
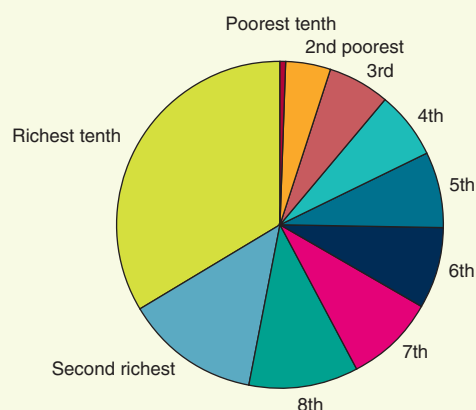
Source: Households Below Average Income, DWP; the data is the difference in real incomes between 1996/97 and 2006/07; Great Britain

The first graph shows the average percentage change in real (i.e. after adjusting for inflation) incomes for each household income decile over the period 1996/97 to 2006/07.

The second graph shows the shares of the total change in real incomes since 1996/97 by income decile.

The data for both graphs is from Households Below Average Income (HBAI), based on the Family Resources Survey (FRS). The data relates to Great Britain (FRS did not cover Northern Ireland until 2002/03). Income is disposable household income after deducting housing costs. All data is equivalised (adjusted) to account for differences in household size and composition. The self-employed are included in the statistics.

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

Low income and Council Tax

4A: More than half of all low-income households are paying full Council Tax, much higher than a decade ago.

Proportion of people in low-income households in England and Wales where the household is paying the full amount of Council Tax (per cent)

Year	Value
1996/97	45
1997/98	45
1998/99	45
1999/00	48
2000/01	51
2001/02	52
2002/03	54
2003/04	55
2004/05	57
2005/06	59
2006/07	60

Source: Households Below Average Income, DWP; England and Wales

4B: The vast majority of low-income working-age families where someone is working pay full Council Tax.

For each family type, proportion of low-income households where the household is paying full Council Tax (per cent)

Family type	Value
In working-age families where someone is working	86
In pensioner families	65
In working-age families without children where no-one is working	33
In working-age families with children where no-one is working	13

Source: Households Below Average Income, DWP; the data is the average for 2004/05 to 2006/07 England and Wales

The first graph shows, for each year, the proportion of people living in low-income households where the household is paying the full amount of Council Tax (i.e. is not in receipt of any Council Tax Benefit). The second graph shows, for selected family types for the latest year, the proportion of families living in low-income households where the family is paying the full amount of Council Tax.
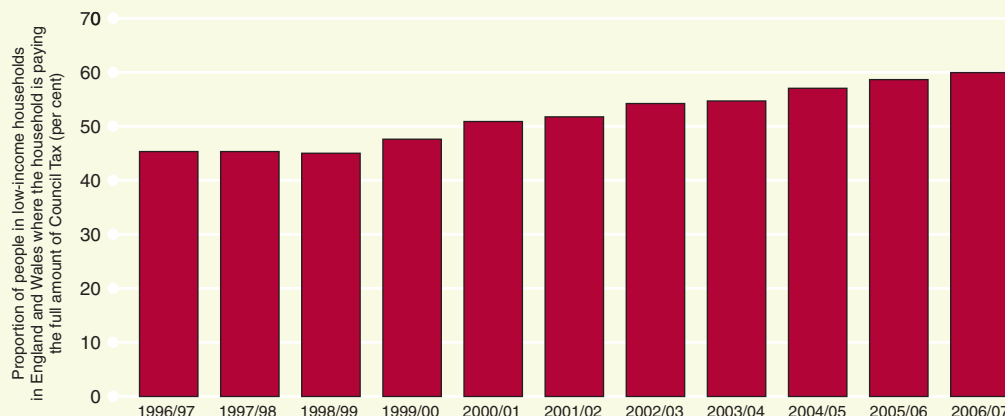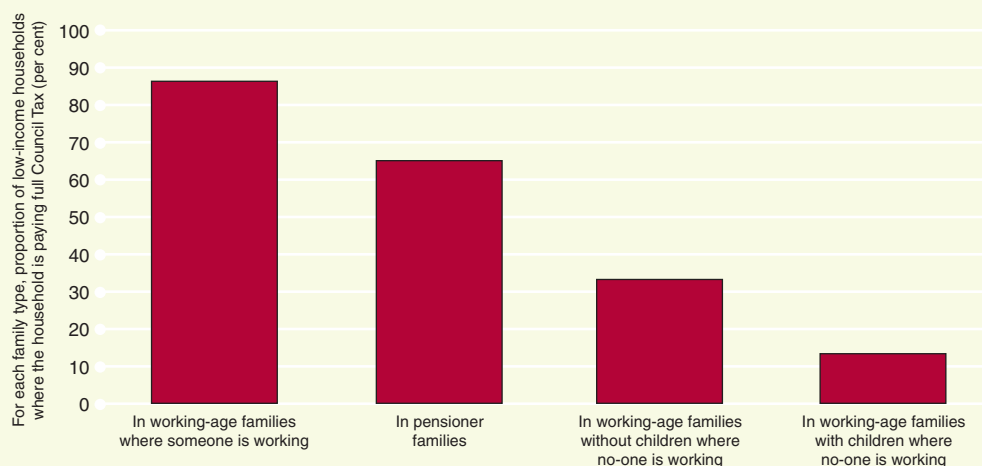
The data source for both graphs is Households Below Average Income (HBAI), based on the Family Resources Survey (FRS). The data relates to England and Wales (in Scotland, Council Tax and water charges are paid as part of the same bill so it is not possible to distinguish people who are paying no Council Tax and the Northern Ireland system is different). Income is disposable household income after deducting housing costs and is equivalised (adjusted) for household size and composition. The low-income threshold is that used elsewhere, namely 60 per cent of median household income after deducting housing costs. The HBAI dataset records Council Tax data at the 'household' level but records work status data at the 'family' level (The term 'family' is used to cover an adult and their spouse – if applicable – whereas the term 'household' is used to cover everyone living in a dwelling. So, a young adult living with their parents would count as one household but two families.). In the second graph, the work statuses are those for the family within the household who is actually responsible for the Council Tax (so, in the example above, the work status is that of the parents rather than the young adult).

Overall adequacy of the indicator: medium. The FRS is a well-established annual government survey, designed to be representative of the population as a whole. However, the Council Tax data relates to a survey of what people said they were paying rather than to their actual bills.

Debt

Choice of indicators

While the 'point in time' incomes used in the previous theme are clearly central, it is widely agreed that they do not capture the entirety of the subject of income poverty. From the perspective of this report, however, the problem is that the main relevant government survey on households (the Financial Resources Survey) has not until recently included any data on such aspects as persistent low income, material deprivation or debt. The first indicator in this theme covers two of the recent introductions to the survey, namely material deprivation and those having difficulties paying their bills. This is combined with a second debt-related indicator of particular topical interest, namely mortgage holders in serious arrears.

5 Material and financial difficulties

The first graph in this indicator looks at the proportion of households who 'do not have because they cannot afford' particular kinds of essential items and activities, with the data shown separately for families with average incomes and families in the poorest fifth. This data was only requested for the first time in the relevant government surveys in 2004/05 and thus no time trend is available.

The second graph shows, for each fifth of the household income distribution in 2006/07, the proportion of households in arrears with at least one of their bills. This data is not available for any years prior to 2006/07.

6 In mortgage arrears

This indicator looks at owner-occupiers with a mortgage who are either in difficulty with their mortgage or whose economic circumstances make it more likely that they could get into difficulty. The first graph shows three statistics for each year since 1990, namely: the number of mortgage holders who are more than twelve months in arrears with their mortgage payments, the number who have been served with a court order for repossession, and the number of actual repossessions. The supporting graph looks at the economic circumstances of households with mortgages where the head of the household is not in full-time employment.

What the indicators show

5 Material and financial difficulties

Many people on low incomes say that they cannot afford selected essential items or activities – but so do quite a lot of people on average incomes.

A quarter of working-age adults in the poorest fifth are in arrears with their bills, 50 per cent of them with one bill and 50 per cent of them with two or more. This is three times the rate for those on average incomes.
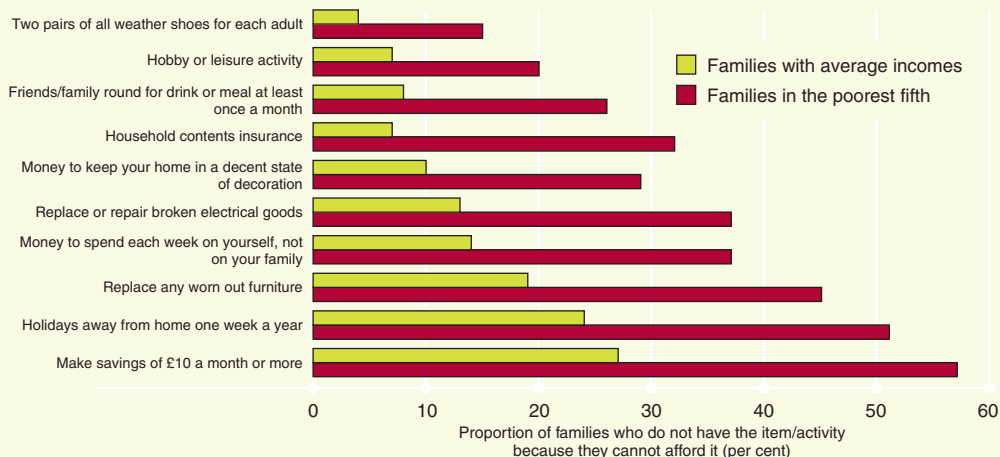
6 In mortgage arrears

While the number of mortgage holders in serious arrears remains very low, court orders for repossession are rising sharply and are now back to the levels of the early 1990s.

One in seven heads of households with a mortgage is not in full-time work, a similar proportion to a decade ago but much higher than 25 years ago.
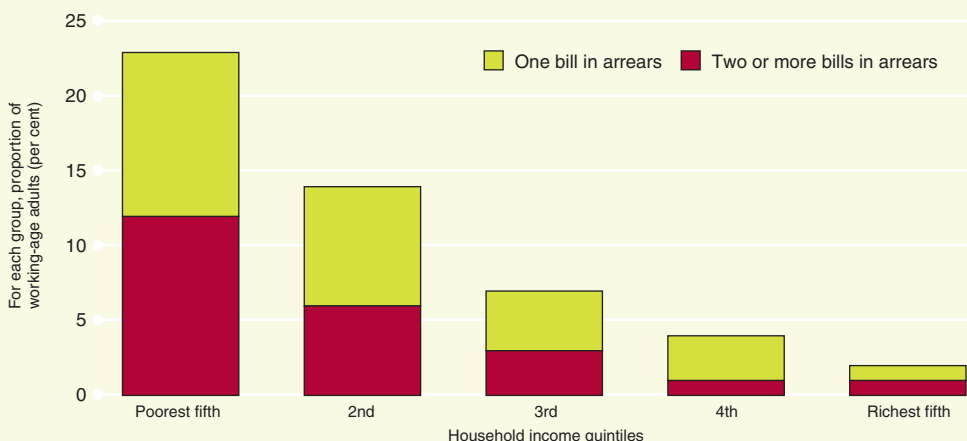
Material and financial difficulties

5A: Many people on low incomes say that they cannot afford selected essential items or activities – but so do quite a lot of people on average incomes.

Two pairs of all weather shoes for each adult
Hobby or leisure activity
Friends/family round for drink or meal at least once a month
Household contents insurance
Money to keep your home in a decent state of decoration
Replace or repair broken electrical goods
Money to spend each week on yourself, not on your family
Replace any worn out furniture
Holidays away from home one week a year
Make savings of £10 a month or more

Families with average incomes
Families in the poorest fifth

Proportion of families who do not have the item/activity because they cannot afford it (per cent)

0   10   20   30   40   50   60

Source: Family Resources Survey, DWP; the data is the average for 2004/05 to 2005/06; UK

5B: A quarter of working-age adults in the poorest fifth are in arrears with their bills. This is three times the rate for those on average incomes.

For each group, proportion of working-age adults (per cent)

One bill in arrears   Two or more bills in arrears

Poorest fifth   2nd   3rd   4th   Richest fifth

Household income quintiles

Source: Family Resources Survey 2006/07 via the HBAI 2006/07 report, DWP; UK

The first graph looks at the proportion of families who 'do not have because they cannot afford' particular kinds of 'essential' items and activities. 'Do not have because they cannot afford' means that the family lacks the item/activity due to hardship rather than choice. 'Essential' means that more than half of the population consider the item/activity to be a necessity in contemporary society. More specifically, it provides an analysis of the 2005/06 Family Resources Survey (FRS). For each of a selected number of items/activities, it shows the proportion of households who 'do not have it because they cannot afford it', with the data shown separately for households in the poorest fifth and for households on average incomes. The data relates to the United Kingdom. Income is disposable household income after deducting housing costs, where the income has been equivalised (adjusted) to account for differences in household size and composition. Note that, at the time of printing, the 2005/06 data was the latest available.

The second graph shows, for each fifth of the household income distribution, the proportion of households in arrears with at least one of their bills. The data is from the FRS, with the figures taken from the DWP's 2006/07 Households Below Average Income (HBAI) report, and relates to the United Kingdom.

Overall adequacy of the indicator: limited. The data is subjective and, as illustrated in the first graph, many households with average incomes nevertheless say that they cannot afford essential items/activities.

In mortgage arrears

6A: While the number of mortgage holders in serious arrears remains very low, court orders for repossession are rising sharply and are now back to the levels of the early 1990s.
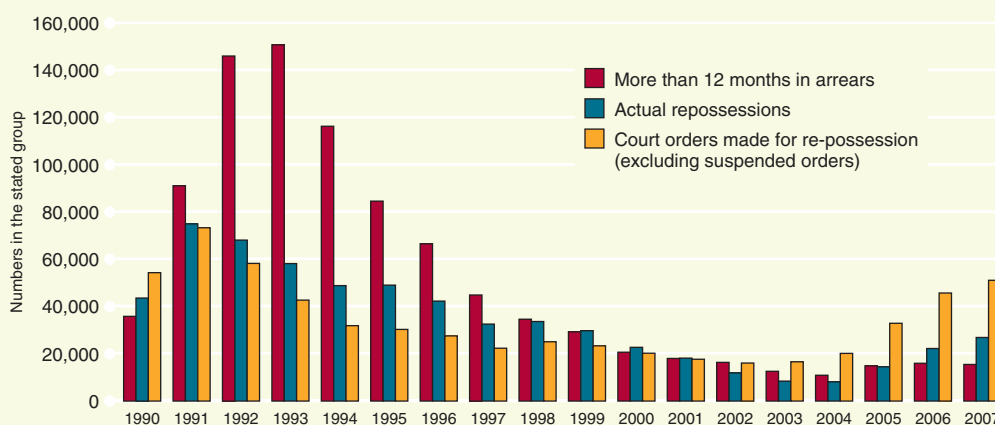
Source: Council of Mortgage Lenders and Ministry of Justice

6B: One in seven heads of households with a mortgage is not in full-time work, a similar proportion to a decade ago but much higher than 25 years ago.
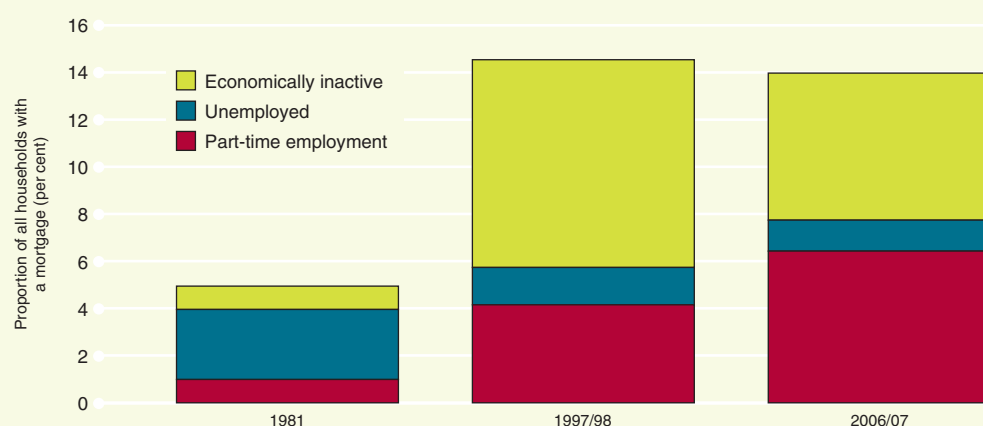
Source: LFS Housing Trailer, DoE (1981); Survey of English Housing, DCLG (1997/98 and 2006/07); England

The first graph shows three statistics for each year since 1990. The first statistic is the number of residential mortgage holders who were a year or more in arrears with their mortgage repayments at the end of each of the years shown. The second statistic is the actual number of mortgage repossessions during the year. The third statistic is the number of court orders made for mortgage repossession during the year, noting that this number excludes suspended orders as these do not directly relate to repossessions.

The data on mortgage arrears and actual repossessions is from the Council of Mortgage Lenders (CML) and relates to the United Kingdom. The figures are based on a sample which typically averages 85 per cent of the total mortgage market in any given year. The data on court orders is from the UK Housing Review table 53, which in turn obtained its data from the Ministry of Justice, and the data relates to England and Wales.

The second graph shows the proportion of households with mortgages where the head of the household has the economic status shown. The total is effectively the proportion of households with mortgages where the head of the household is not in full-time work. The data is from the Survey of English Housing and relates to England only.

Overall adequacy of the indicator: high. The data for arrears, repossessions and court orders is all produced regularly and is considered to be reliable.

Prices

Choice of indicators

Do low-income households face a higher rate of inflation than those with average or above incomes and, if so, by how much and why? The first indicator in this theme explores this issue using the government's preferred index of price inflation, namely the Consumer Price Index (CPI). The CPI does not, however, include data on the important subject of mortgage costs and the second indicator therefore incorporates such data from the alternative index of price inflation published by the government, namely the long-established Retail Price Index (RPI).

7 Consumer prices

The data underlying the CPI provides inflation indices for each category of what is called 'consumptive' expenditure (most elements of expenditure but excluding mortgage costs and Council Tax – see next indicator). The main government survey of consumer expenditure is the annual Expenditure and Food Survey, which allows detailed analysis of how much particular groups of households spend on particular categories of expenditure. Both use the same expenditure categorisation so the data from them can be combined to calculate effective consumer price inflation for different groups of households.

In this context, the first graph shows how consumer prices changed between September 2004 and September 2008 for households in each fifth ('quintile') of the income distribution, from the poorest to the richest.

For each quintile, the supporting graph shows the average proportion of their total 'consumptive' expenditure spent on each of the major categories of expenditure in 2006 (the latest data available). The left-hand set of categories are those where the proportion of total expenditure decreases with income (notably food, housing rent & maintenance and fuel), the middle set are those where the proportion is reasonably constant with income and the right-hand set are those where the proportion increases with income (notably transport).

The main reason why poor households in the first graph have had the greatest change in consumer prices is because, as shown in the second graph, they spend proportionally more on food and fuel, both of which have suffered above-average inflation over the last four years. The main reason why the differences are relatively small is that they spend proportionally less on another high-inflation category, namely transport.

8 Impact of cost of housing

Using the same methods as in the previous indicator, but with the addition of data on mortgage costs and Council Tax from the RPI, the first graph shows how prices changed between September 2004 and September 2008 for households in each tenure in each income quintile.

For each tenure and quintile, the supporting graph shows the average proportion of household total expenditure spent on housing in 2006. This expenditure comprises all housing elements, including both mortgage costs and rents, and is net of any housing benefit received.

What the indicators show

7 Consumer prices

Over the last four years, consumer prices for pensioner households in the poorest fifth have risen by 20 per cent, 6 percentage points more than they have for non-pensioner households on average incomes.

Food, housing and (to a lesser extent) fuel are the main categories where the proportion of total consumptive expenditure is higher for households with low incomes. Transport is the main category where their share of expenditure is lower.

## 8 Impact of cost of housing

Because of increased mortgage costs, the change in total costs in the last four years has been much greater for mortgage holders than for those in other tenures. This is the case at all levels of income.

For both renters and mortgage holders, net housing costs as a proportion of total expenditure do not vary much by level of income.
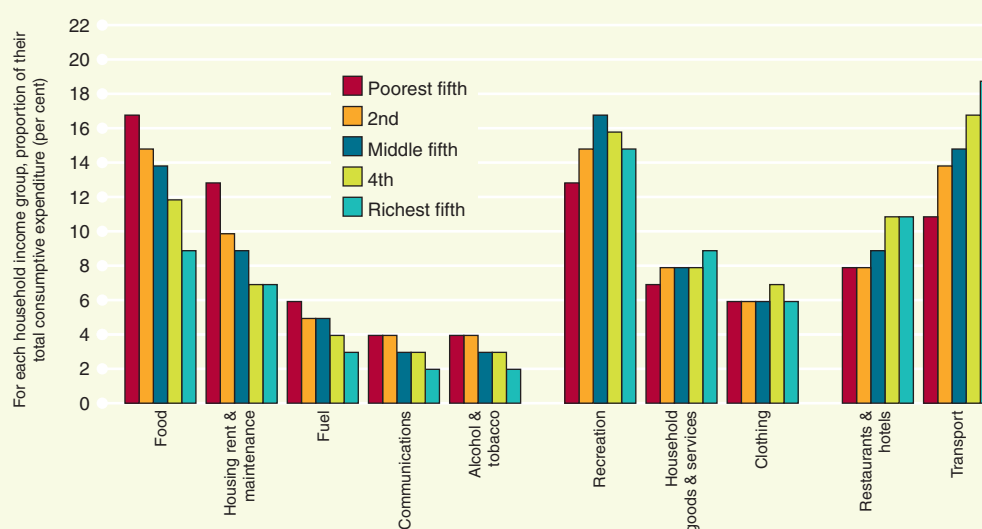
Consumer prices

7A: Over the last four years, consumer prices for pensioner households in the poorest fifth have risen by 20 per cent, 6 percentage points more than they have for non-pensioner households on average incomes.
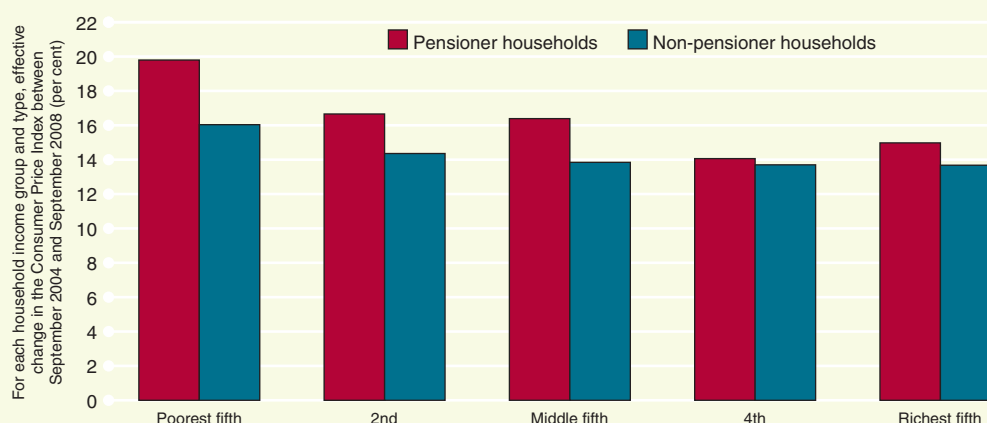
Source: NPI calculations using the Consumer Price Index and the 2006 Expenditure and Food Survey, ONS

7B: Food, housing and (to a lesser extent) fuel are the main categories where the proportion of total consumptive expenditure is higher for households with low incomes.

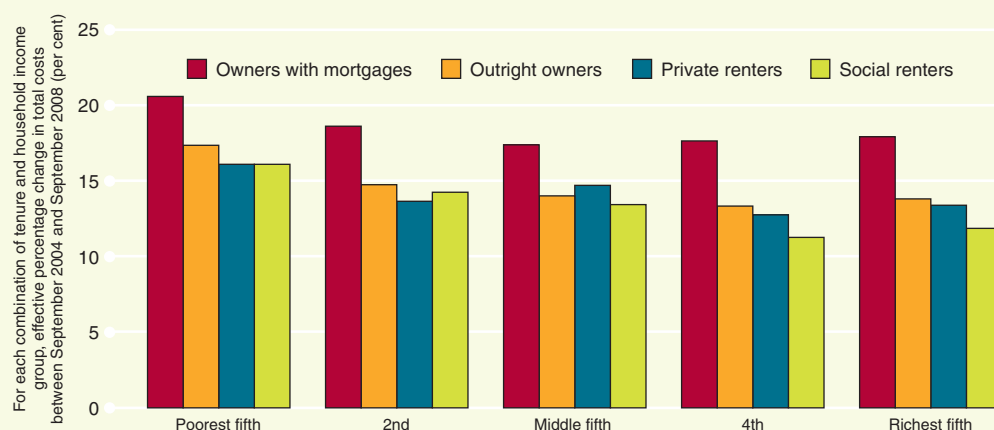Source: The 2006 Expenditure and Food Survey, ONS

The first graph provides estimates of how average consumer prices changed between September 2004 and September 2008 for households in each fifth (quintile) of the income distribution, with the data shown separately for pensioner and non-pensioner households. It does so by combining data from the main government index of price inflation, namely the Consumer Price Index (CPI), with data on the mix of expenditure by household income quintile from the 2006 Expenditure and Food Survey (EFS). The scope of the analysis is limited to what is termed in the CPI as 'consumptive expenditure', which is most elements of expenditure but excludes mortgage costs and Council Tax (see indicator 8). The household income data is equivalised (adjusted) to account for differences in household size and composition.

Any price index has to make assumptions about the weights given to each expenditure category. The calculations assume that the weights from the EFS apply to both September 2004 and September 2008. The 2006 EFS is used partly because it is the latest available and partly because it is for a period (2006) which is roughly halfway between September 2004 and September 2008. The data relates to the United Kingdom.

For each household income quintile, the second graph shows the average proportion of their total 'consumptive' expenditure spent on each of the major categories of expenditure in 2006 from the EFS, as used in the calculations for the first graph. The left-hand set of categories are those where the proportion of total expenditure decreases with income, the middle set are those where the proportion is reasonably constant with income and the right-hand set are those where the proportion increases with income. Some miscellaneous items of expenditure are not shown.

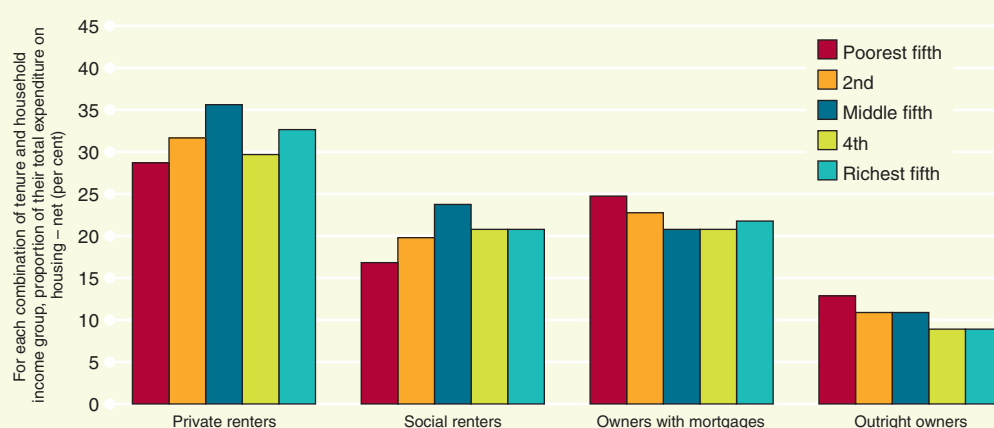Overall adequacy of the indicator: limited. The data from both the CPI and EFS is considered sound. As with any price index, however, decisions have to be made about the level of detail to undertake the calculations in terms of both household types and expenditure groupings and these decisions can materially affect the results. Furthermore, the exclusion of mortgage costs limits the value of the analysis.

Impact of cost of housing

8A: Because of increased mortgage costs, the change in overall costs in the last four years has been much greater for mortgage holders than for those in other tenures. This is the case at all levels of income.

Owners with mortgages ◼ Outright owners ◼ Private renters ◼ Social renters

For each combination of tenure and household income group, effective percentage change in total costs between September 2004 and September 2008 (per cent)

Source: NPI calculations using the Consumer Price Index, the Retail Price Index and the 2006 Expenditure and Food Survey, ONS

8B: For both renters and mortgage holders, net housing costs as a proportion of total expenditure do not vary much by level of income.

◼ Poorest fifth
◼ 2nd
◼ Middle fifth
◼ 4th
◼ Richest fifth

For each combination of tenure and household income group, proportion of their total expenditure on housing – net (per cent)

Source: The 2006 Expenditure and Food Survey, ONS

Using the same methods as in the previous indicator, but with the addition of data on mortgage costs and Council Tax from the Retail Price Index (RPI), the first graph shows how prices changed between September 2004 and September 2008 for households in each tenure in each household income quintile. The RPI is an alternative government index of price inflation to the Consumer Price Index (CPI) but, unlike the CPI, covers mortgage costs and Council Tax. As with the previous indicator, the household income data is equivalised (adjusted) to account for differences in household size and composition and the calculations assume that the weights from the 2006 Expenditure and Food Survey (EFS) apply to both September 2004 and September 2008.

For each tenure and income quintile, the second graph shows the average proportion of household total expenditure spent on housing from the 2006 EFS, as used in the calculations for the first graph. This expenditure comprises all housing elements, both those considered to be consumptive (e.g. rent and maintenance costs) and those considered not to be consumptive (i.e. mortgage costs and Council Tax), and is net of any housing benefit received. The proportions are expressed as a proportion of total consumptive expenditure plus mortgage costs and Council Tax.

Overall adequacy of the indicator: limited. As with any price index, decisions have to be made about the level of detail to undertake the calculations in terms of both household types and expenditure groupings and these decisions can materially affect the results. Furthermore, while the data in the RPI and EFS regarding mortgage costs and Council Tax appear to have similar scopes, the RPI and CPI use slightly different methodologies for estimating price changes.

Chapter 2 **Children**

Economic circumstances

Choice of indicators

Achieving reductions in the levels of child poverty has been a major government objective throughout the last decade; the first indicator in this theme explores the extent to which it has achieved this objective. At the heart of the government's strategy has been the idea that work is the route out of poverty; the second indicator explores trends in the number of children who are in workless households. As part of this strategy, its major policy initiative has been the introduction of tax credits; the third and final indicator explores the impact of these tax credits.

9 Children in low-income households

The first graph in this indicator shows the number of children living in low-income households for each year since the mid-1990s. It does this for both the after deducting housing costs (AHC) low-income measure (as used elsewhere throughout this report) and the before deducting housing costs (BHC) measure. The BHC measure is shown here because this is the basis for the government's 2010 child poverty target. In addition to this target, the graph also shows AHC and BHC targets that were due to be met in 2004/05.

The supporting graph provides a breakdown of the children who are in low-income households according to whether their family is workless or not and whether they are living with one parent or two.

10 Children in workless households

This indicator focuses on children in workless households. The first graph shows the number of children living in workless households in each year over the past decade, with the numbers shown separately for those living with one parent and those living with two.

The second graph shows how the risk of a child being in a workless household varies according to whether they are living with one parent or two.

11 In receipt of tax credits

This indicator, counting the number of children in working families, looks at the connections between the receipt of tax credits and the family's poverty status.

The first graph shows the number of children in working families who are (a) in a low-income household and not receiving tax credits; (b) in a low-income household and receiving tax credits; and (c) not in a low-income household but only thanks to the tax credits they receive. This graph goes back to the mid 1990s, using the numbers receiving Family Credit before 1999 when the first version of tax credits was introduced. It uses the same low-income threshold used elsewhere in this report, namely households with incomes after deducting housing costs which are less than 60 per cent of the UK median.

The second graph, for the latest year, shows how many children were lifted above the low income line by tax credits, comparing this with the number still below it despite receiving tax credits, and the number who would not be below it even if they did not receive tax credits. Children whose families receive only the family element of the child tax credit (to which all but the 10 per cent or so of families with incomes above £50,000 are entitled) are excluded from this graph.

What the indicators show

9 Children in low-income households

The number of children in low-income households is still well above the government's target for 2004/05, the fall since 1998/99 being only around half what is required to meet that target.

More than half of the children in low-income households live in families where at least one of the adults is in paid work, most of these children being in couple rather than lone parent families.

10 Children in workless households

The number of children in workless households has fallen by around a fifth over the last decade, with most of this fall being for children in couple households.

Half of all children of lone parents live in households which are workless. This compares to just one in fifteen for children of couples.
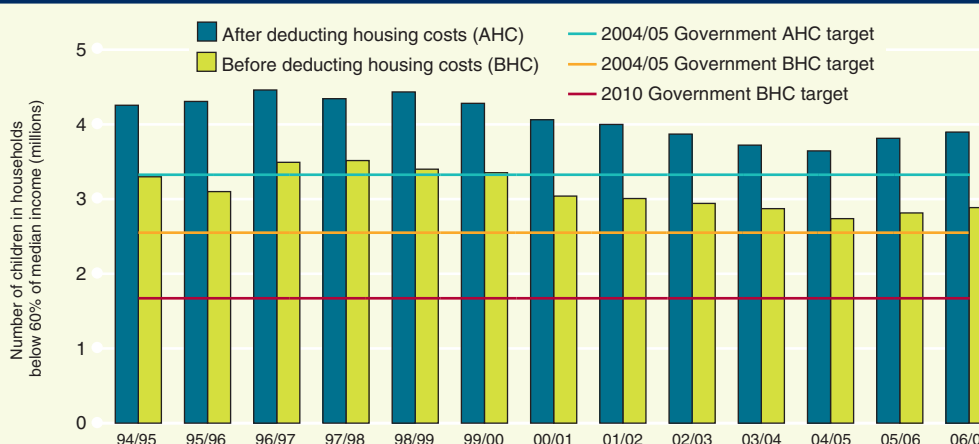
11 In receipt of tax credits

Tax credits now take around one million children in working families out of low income – but a million more children in working families need such support to escape low income than a decade ago.

Only a quarter of the children in working families in receipt of tax credits are no longer in low income because of the tax credit monies received.
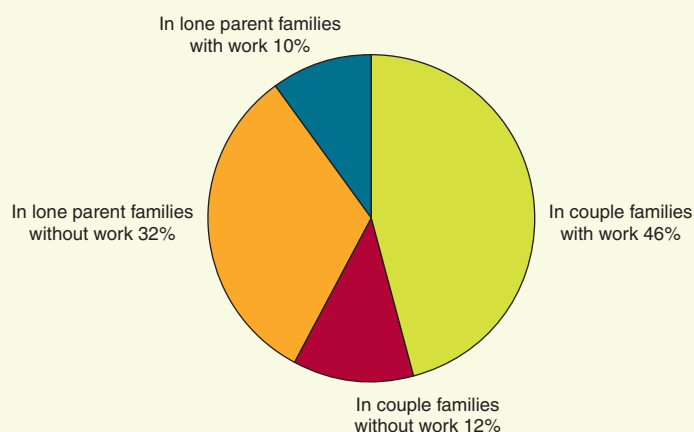
Children in low-income households

9A: The number of children in low-income households is still well above the Government's target for 2004/05.

Number of children in households below 60% of median income (millions)

Legend:
- After deducting housing costs (AHC)
- Before deducting housing costs (BHC)
- 2004/05 Government AHC target
- 2004/05 Government BHC target
- 2010 Government BHC target

Years: 94/95, 95/96, 96/97, 97/98, 98/99, 99/00, 00/01, 01/02, 02/03, 03/04, 04/05, 05/06, 06/07

Source: Households Below Average Income, DWP; UK

9B: More than half of the children in low-income households live in families where at least one of the adults is in paid work.

In lone parent families with work 10%

In couple families with work 46%

In lone parent families without work 32%

In couple families without work 12%

Source: Household Below Average Income 2006/07, DWP; UK

The first graph shows the number of children living in low-income households, both before and after deducting housing costs. It also shows the government's target to reduce the number of children in poverty by a quarter by 2004/05 compared to the number in 1998/99, again both before and after deducting housing costs (the target was ambiguous about which it was using). Finally, it shows the government's target to reduce the number of children in poverty by a half by 2010 compared to the number in 1998/99 – this measure being shown on a before deducting housing costs basis only as that is the basis for the official target.

The second graph shows, for the latest year, a breakdown of the children who were in low-income households by family type (couple or lone parent) and work status (workless or someone in paid work).

The data source for both graphs is Households Below Average Income (HBAI), based on the Family Resources Survey (FRS). A child is defined as an individual who is either under 16 or is an unmarried 16- to 18-year-old on a course up to and including A level standard (or Highers in Scotland). The data relates to the United Kingdom, noting that this has required the data prior to 2002/03 to be scaled up as the FRS surveys only covered Great Britain. Income is disposable household income after deducting housing costs and the low-income threshold is the same as that used elsewhere, namely 60 per cent of contemporary median household income. All data is equivalised (adjusted) to account for differences in household size and composition.
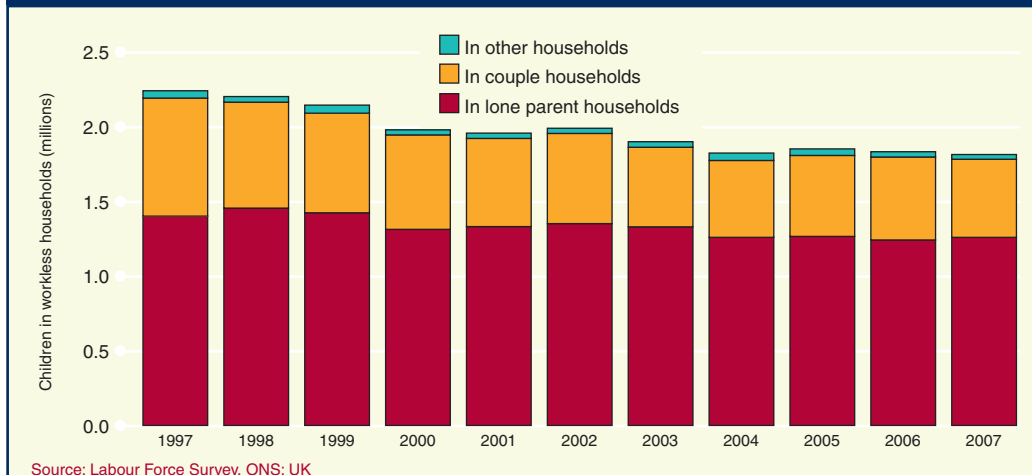
Overall adequacy of the indicator: high. The FRS is a well-established annual government survey, designed to be representative of the population as a whole.

Children in workless households

10A: The number of children in workless households has fallen by around a fifth over the last decade, with most of this fall being for children in couple households.

Source: Labour Force Survey, ONS; UK

10B: Half of all children of lone parents live in households which are workless. This compares to just one in fifteen for children of couples.

Source: Labour Force Survey, ONS; the data is the average for 2005 to 2007; UK
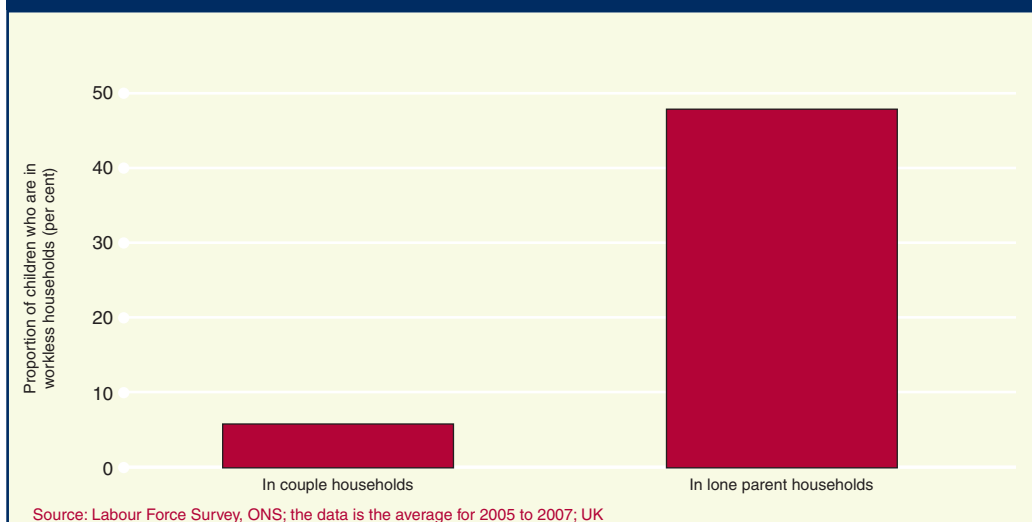
The first graph shows the number of children living in households in which none of the working-age adults is in paid work. The data is separated by household type, namely couple households, lone parent households and other households.

The second graph shows how the proportion of children living in households in which none of the working-age adults is in paid work varies by household type.

The data source for both graphs is the Labour Force Survey (LFS) and the data relates to the United Kingdom. The data for each year is the average for the 2nd and 4th quarters, analysis by household type being unavailable for the 1st and 3rd quarters. In line with Office for National Statistics (ONS) methods, children comprise all those under the age of 16 (i.e. not including people aged 16 to 18 in full-time education).

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

In receipt of tax credits

11A: Tax credits now take around one million children in working families out of low income – but a million more children need such support to escape low income than a decade ago.
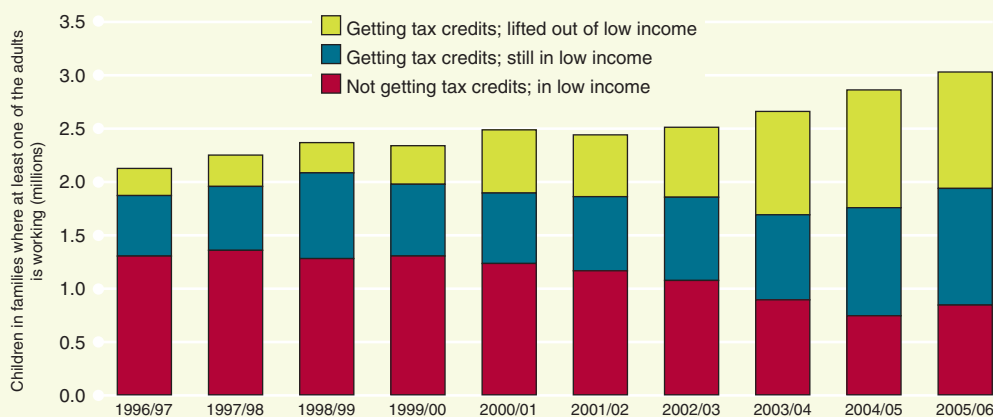
Source: Households Below Average Income, DWP; Great Britain

11B: Only a quarter of the children in working families in receipt of tax credits are no longer in low income because of the tax credit monies received.
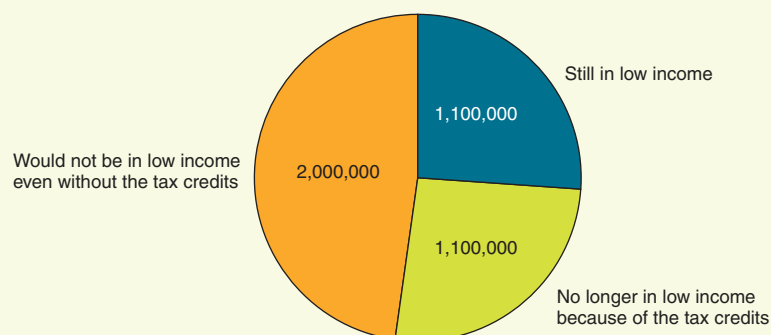

Source: Households Below Average Income 2005/06, DWP; UK

The first graph provides an analysis of the number of children in working families where, excluding tax credits (and their predecessors), the household is in low income. For each year, it shows the number of children in three categories, namely: not in receipt of tax credits; in receipt of tax credits (over and above the family element) but still in low income; and in receipt of tax credits and, as a result, no longer in low income. The restriction to working families only is important as the child supplements of some out-of-work benefits are now considered by the government to be tax credits rather than benefits. Note that, at the time of printing, the 2006/07 data had not been made available by the Government.

The second graph provides, for the latest year, an analysis of the children in working families in receipt of tax credits over and above the family element. The first two categories – those who are still in low income and those who, as a result of tax credits, are no longer in low income – are the same as in the first graph. The third category is children whose household would not be in low income even without tax credits.

The data for both graphs is from Households Below Average Income (HBAI), based on the Family Resources Survey (FRS). The data in the first graph relates to Great Britain while that in the second relates to the United Kingdom. As elsewhere, the low-income threshold used is 60 per cent of contemporary median household income after deducting housing costs. To ensure comparability over time, the data for 1998/99 and earlier includes recipients of Disability Working Allowance as well as Family Credit while the data for 2003/04 onwards excludes those just receiving the family element of Child Tax Credit.

Overall adequacy of the indicator: medium. All the data is considered to be reliable and provides reasonable estimates. However, the extensive changes in the system from year to year make the data somewhat difficult to interpret.

Education

Choice of indicators

In keeping with the focus of this report on those who are doing least well (as opposed to what is happening on average), this theme is concerned with those who fail to achieve what may be regarded as minimum levels of qualification. More specifically, the two indicators show the progress there has been over the last decade in the number of children reaching certain minimum educational standards at ages 11 and 16. As discussed in the next chapter, there is a clear and strong connection between educational outcomes and later economic prospects.

12 Educational attainment at age 11

This indicator focuses on the 11-year-olds who have not reached Level 4 at Key Stage 2 (KS2) in English and maths. The first graph shows the proportion of 11-year-olds in this situation each year over the last decade, both for all maintained schools and for those schools where at least 35 per cent of pupils are eligible for free school meals. Since entitlement to free school meals is essentially restricted to families in receipt of out-of-work benefits, this should be thought of as a proxy for worklessness rather than low income. The supporting graph focuses on the same standard but uses pupil-level data to show the differences between boys and girls, separately for those receiving or not receiving free school meals.

13 Educational attainment at age 16

This indicator focuses on 16-year-olds who either obtain no GCSEs or fewer than five GCSEs at any grade. This, it should be noted, is different from the usual 'headline' measure for which the standard is five GCSEs *at grade C or above*.

The first graph shows the proportion of 16-year-olds for each year from 1996 onwards who fail to obtain (a) any qualifications; (b) five GCSEs at any standard; and (c) five GCSEs at least grade C (i.e. the headline measure). The supporting graph focuses on those who do not obtain five GCSEs at any standard, using pupil level data to show the differences between boys and girls, separately for those eligible or not for free school meals and separately for those who are white British or from a minority ethnic group.

What the indicators show

12   Educational attainment at age 11

Substantial progress continues to be made in the literacy and numeracy of 11-year-olds – including those in schools with high levels of deprivation.

Nevertheless, 11-year-old pupils eligible for free school meals remain twice as likely not to achieve basic standards in literacy and numeracy as other 11-year-old pupils.

13 Educational attainment at age 16

One in ten 16-year-olds still obtain fewer than 5 GCSEs, only slightly lower than in 1999/2000. This lack of improvement contrasts with the continuing improvement for the higher threshold of 5 GCSEs at grade C or above, where the level of non-attainment is down by a quarter compared with a decade ago.

More than a quarter of white British boys eligible for free school meals do not obtain 5 or more GCSEs, a much higher proportion than for any other group.

Educational attainment at age 11

12A: Substantial progress continues to be made in the literacy and numeracy of 11-year-olds – including those in schools with high levels of deprivation.

Schools with 35 per cent or more pupils eligible for free school meals

— All maintained mainstream schools

Proportion of pupils failing to reach level 4 at Key Stage 2 (per cent)

English

Maths

Source: DCSF Performance Tables; England

12B: 11-year-old pupils eligible for free school meals are twice as likely not to achieve basic standards in literacy and numeracy as other 11-year-old pupils.

Pupils eligible for free school meals

Pupils not eligible for free school meals

Proportion of pupils failing to reach level 4 at Key Stage 2 (per cent)

Boys   Girls

English

Boys   Girls

Maths

Source: National Pupil Database, DCSF; the data is for 2007; England

The first graph compares the proportion of children failing to reach Level 4 at Key Stage 2 (11-year-olds) in schools which have at least 35 per cent of pupils eligible for free school meals with that for all maintained mainstream schools. The graph shows maths and English separately and shows changes over time. The 35 per cent threshold is a level commonly used by the government when looking at examination results for schools with a high level of children eligible for free school meals. The data source is Department for Children, Schools and Families performance tables. The data relates to England and covers all local education authority maintained mainstream schools (i.e. excludes special schools).

The second graph shows, for the latest year, how the proportion of children failing to achieve Level 4 at Key Stage 2 varies by pupil characteristics, namely gender and whether or not the pupil is eligible for free school meals. The data source is the English National Pupil Database. The data relates to England and covers all maintained schools (i.e. includes special schools).

Overall adequacy of the indicator: medium. While the data itself is sound enough, the choice of the particular level of exam success is a matter of judgement.
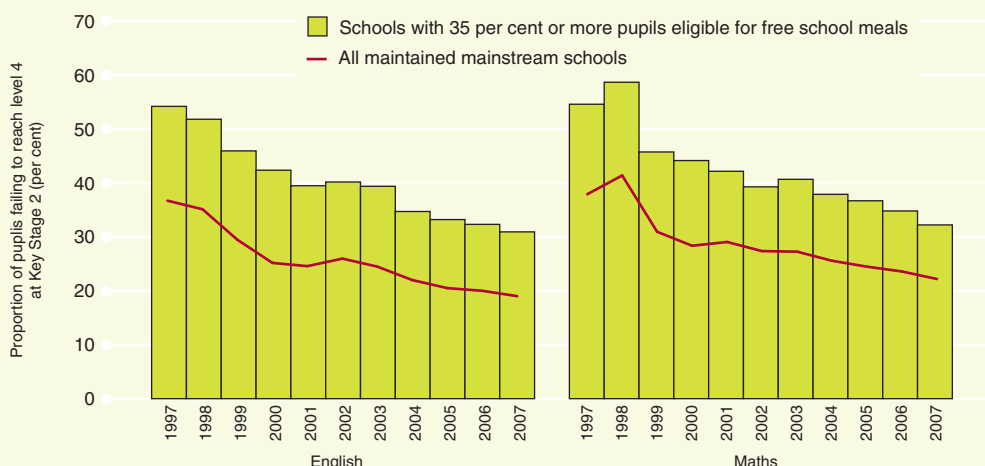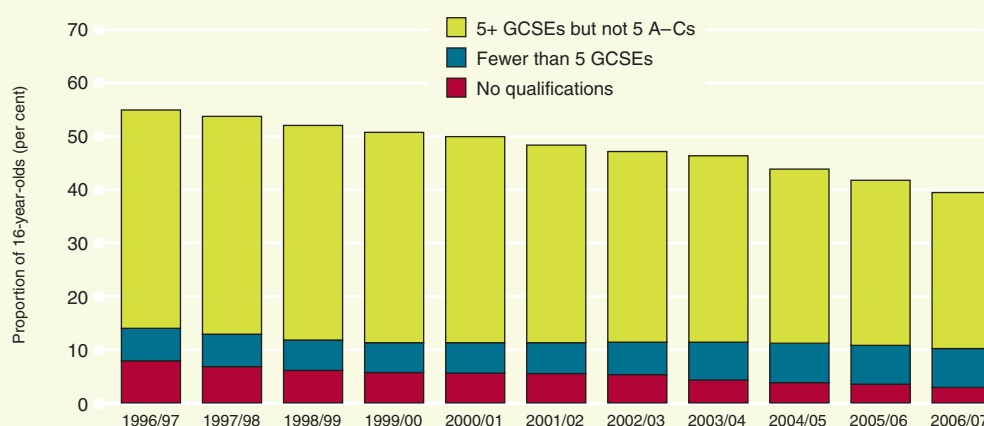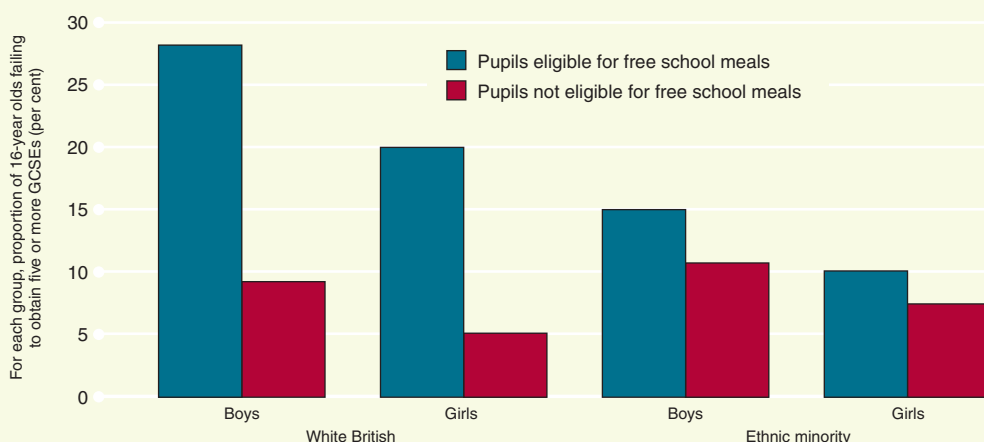
Educational attainment at age 16

13A: One in ten 16-year-olds still obtain fewer than 5 GCSEs, only slightly lower than in 1999/00. This lack of improvement contrasts with the continuing improvement for the higher threshold of 5 GCSEs at grade C or above.

Legend:
- 5+ GCSEs but not 5 A–Cs
- Fewer than 5 GCSEs
- No qualifications

Y-axis: Proportion of 16-year-olds (per cent)

X-axis: 1996/97, 1997/98, 1998/99, 1999/00, 2000/01, 2001/02, 2002/03, 2003/04, 2004/05, 2005/06, 2006/07

Source: Statistical Releases from DCSF (England) and the National Assembly for Wales (Wales); England and Wales

13B: More than a quarter of white British boys eligible for free school meals do not obtain 5 or more GCSEs, a much higher proportion than that for any other group.

Legend:
- Pupils eligible for free school meals
- Pupils not eligible for free school meals

Y-axis: For each group, proportion of 16-year olds failing to obtain five or more GCSEs (per cent)

X-axis: White British (Boys, Girls), Ethnic minority (Boys, Girls)

Source: National Pupil Database, DfC SF; the data is for 2007; England

The first graph shows the proportion of students (defined as pupils aged 15 at 31 August in the calendar year prior to sitting the exams) failing to obtain five or more GCSEs (or vocational equivalent) at grade C or above. The data is split between those who obtain no GCSE grades at all (either because they do not enter for exams or achieve no passes), those who obtain some GCSEs but less than five, and those who obtain five or more GCSEs but less than five at grade C or above. The data sources are the Department for Children, Schools and Families and the Welsh Assembly. The data relates to England and Wales and covers all schools. All the statistics relate to pupils passing either GCSEs or GNVQ equivalents. Note that the scope of what was counted as an 'equivalent' in England was widened in 2003/04 and, furthermore, in 2004/05, the 'no GCSEs' threshold was changed to 'no qualifications' and appears to exclude 'entry level qualifications which do not contribute towards GCSE grade G thresholds'. Both changes reduce the proportion considered to have no grades in that year but do not materially affect the higher thresholds of 5 GCSEs or GCSEs at grade C or above.

The second graph shows, for the latest year, how the proportion of students failing to achieve five or more GCSEs (or vocational equivalent) varies by pupil characteristics, namely gender, ethnicity and whether or not the pupil is eligible for free school meals. The data source is the English National Pupil Database. The data relates to England and covers all maintained schools. The data is for 2007.

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

Social cohesion

Choice of indicators

Poor educational outcomes are not the only form of childhood disadvantage associated with poverty and social exclusion. This theme looks at some other aspects of extreme childhood disadvantage, namely children excluded from school, children in care, the number of under-age pregnancies and children with a criminal record.

The context for this is provided by the 2007 UNICEF study on childhood well-being in rich countries (*Poverty in perspective: child-well-being in rich countries*) which placed the UK at the bottom of the 21 countries examined. That study's use of subjective measures means that its scope is very different from this report. But the boost that it gave to awareness of non-material aspects of deprivation is welcome. For while some matters covered here have certainly been the subject of government concern, they have not always had the prominence that the severity of their consequences deserves.

14 School exclusions

This indicator shows the numbers of boys and girls who have been permanently excluded from school in Great Britain in each year from 1996/97 to 2006/07. The supporting graph shows the proportion of children permanently excluded from school in England in the latest year, broken down by ethnic group.

15 Looked-after children

This indicator concerns children in local authority care in England. The first graph shows the number of children in care year by year since 1998 (that is, the number in care at a point in time – 31 March – rather than the total number who were in care at some point in the year in question). The supporting graph compares the outcomes for children in care compared with all children regarding the proportion achieving fewer than 5 GCSEs at age 16 (more precisely, in Year 11). The extremely adverse outcome shown in this graph for children in care is what provides the justification for this indicator.

16 Under-age pregnancies

This indicator addresses something which has long been a subject of government concern, namely the number of under-age pregnancies, measured here by the number of girls in Great Britain who conceive under the age of 16. The first graph shows the number of such pregnancies each year between 1996 and 2006. The total is divided according to whether conception leads to a birth or to an abortion. The second graph, for England and Wales, shows the proportion of live births where the mother is aged 15 to 19, divided by social class. It should be noted that this is a very different measure from the first indicator: whatever concerns there may be about 18- or 19-year-olds giving birth, such mothers are adults.

17 With a criminal record

The final indicator in this theme addresses the subject of the numbers of children with a criminal record. The first graph shows the number of such children age 10 to 17 either found guilty or cautioned for an indictable offence in each of the years 1996 to 2006. The supporting graph, for the latest year, categorises these offences according to the type of crime involved, and whether committed by boys or girls.

What the indicators show

14 School exclusions

After falling sharply in the late 1990s, the number of permanent exclusions has remained broadly unchanged over the last seven years.

Black Caribbean pupils are three times as likely to be excluded from school as white pupils.

15 Looked-after children

There are 60,000 looked-after children in England, somewhat more than a decade ago.

Almost two-fifths of looked-after children obtain no GCSEs. Almost three-fifths obtain fewer than five GCSEs, seven times the rate for other children.

16 Under-age pregnancies

The overall number of underage conceptions is similar to a decade ago, although a lower proportion now lead to actual births.

Teenage motherhood is eight times as common among those from manual social backgrounds as for those from professional backgrounds.
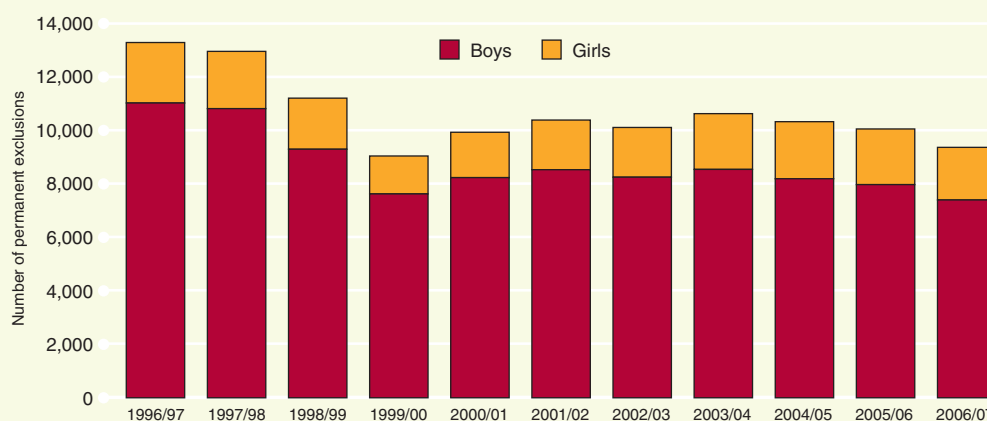
17 With a criminal record

The number of children found guilty for indictable offences has remained steady over the last decade, while the number cautioned fell up to 2002 but has been rising since then.

Three times as many boys are found guilty of, or cautioned for, indictable offences as girls but the difference is much less for theft.
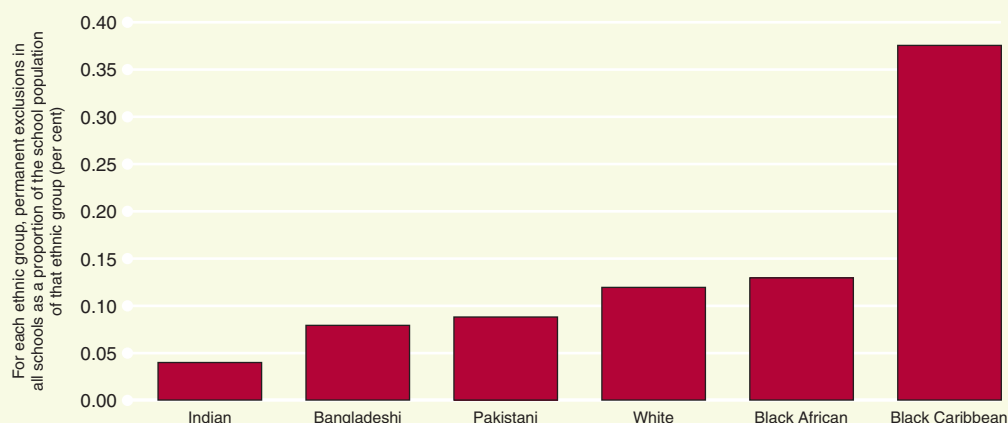
School exclusions

14A: After falling sharply in the late 1990s, the number of permanent exclusions has remained broadly unchanged over the last seven years.

Number of permanent exclusions

Legend: ■ Boys ■ Girls

Values on y-axis: 0, 2,000, 4,000, 6,000, 8,000, 10,000, 12,000, 14,000

Years on x-axis: 1996/97, 1997/98, 1998/99, 1999/00, 2000/01, 2001/02, 2002/03, 2003/04, 2004/05, 2005/06, 2006/07

Sources: DCSF Statistical Bulletin, National Assembly for Wales and the Scottish Executive; Great Britain

14B: Black Caribbean pupils are three times as likely to be excluded from school as white pupils.

For each ethnic group, permanent exclusions in all schools as a proportion of the school population of that ethnic group (per cent)

Values on y-axis: 0.00, 0.05, 0.10, 0.15, 0.20, 0.25, 0.30, 0.35, 0.40

Categories: Indian, Bangladeshi, Pakistani, White, Black African, Black Caribbean

Source: Permanent exclusions from schools, DCSF; the data is for 2006/07; England
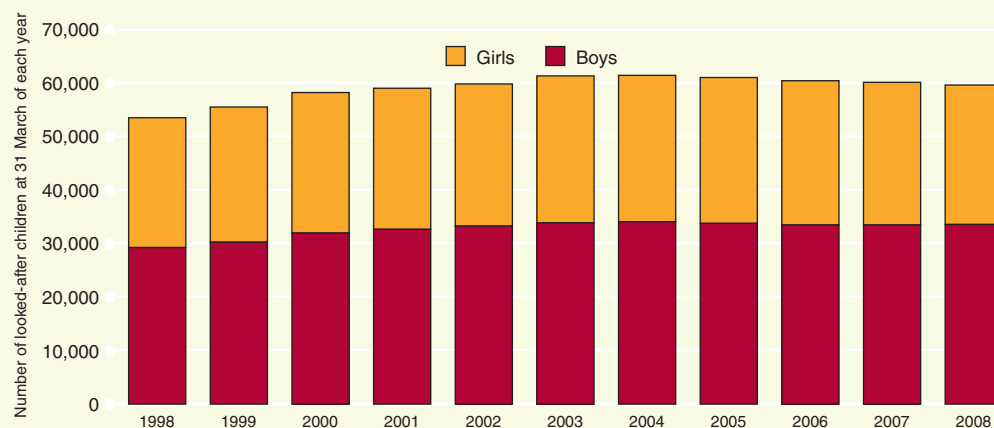
The first graph shows the number of pupils permanently excluded from primary, secondary and special schools, with the data shown separately for boys and girls. The data relates to Great Britain. A gender breakdown is not available for Scotland, so these numbers have been estimated by assuming that the gender split is the same as in England and Wales.

The second graph shows, for the latest year, how the rate of permanent exclusions varies for children from different ethnic backgrounds. The data relates to England only.

The data is for all maintained primary and secondary schools plus both maintained and non-maintained special schools.

Overall adequacy of the indicator: medium. Exclusions are susceptible to administrative procedures; for example, the officially recorded numbers may well under-represent the true number of exclusions if parents are persuaded to withdraw their child rather than have the school exclude them.

Looked-after children

15A: There are 60,000 looked-after children in England, somewhat more than a decade ago.

Source: Statistical Releases from DCSF; England

15B: Almost two-fifths of looked-after children obtain no GCSEs and a further fifth obtain fewer than five GCSEs.

Source: Statistical Releases from DCSF; England
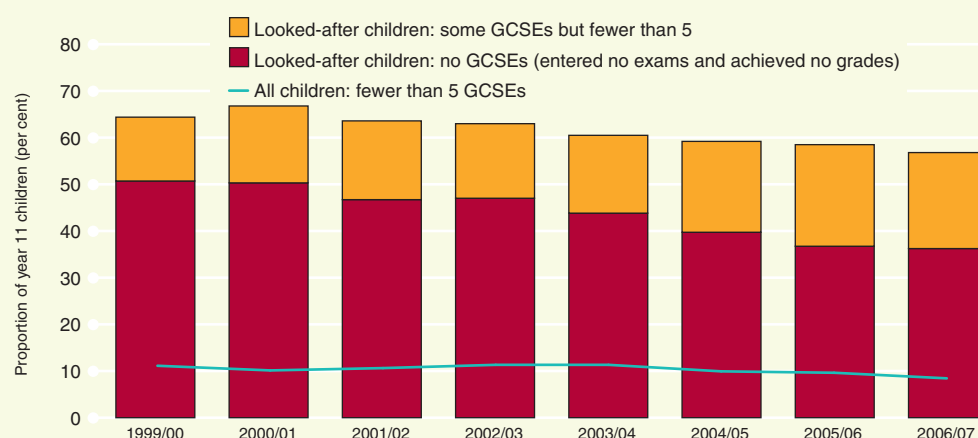
The first graph shows the number of looked-after children at 31 March each year, with the data shown separately for boys and for girls.

The second graph shows the proportion of looked-after children in year 11 who fail to obtain five or more GCSEs (or equivalent). The data is split between those who obtain no GCSE grades at all (either because they do not enter for exams or achieve no passes) and those who obtain some GCSEs but less than five. For comparison purposes, the proportion of all year 11 children who fail to obtain five or more GCSEs (or equivalent) is also shown.

The data source for both graphs is the Department for Children, Schools and Families and the data relates to England. The data in the first graph comes from the annual publication *Children looked after in England* and that in the second graph from the annual publication *Outcome indicators for looked-after children*. The figures exclude children looked after under an agreed series of short-term placements.

Overall adequacy of the indicator: high. The data is a complete administrative count.
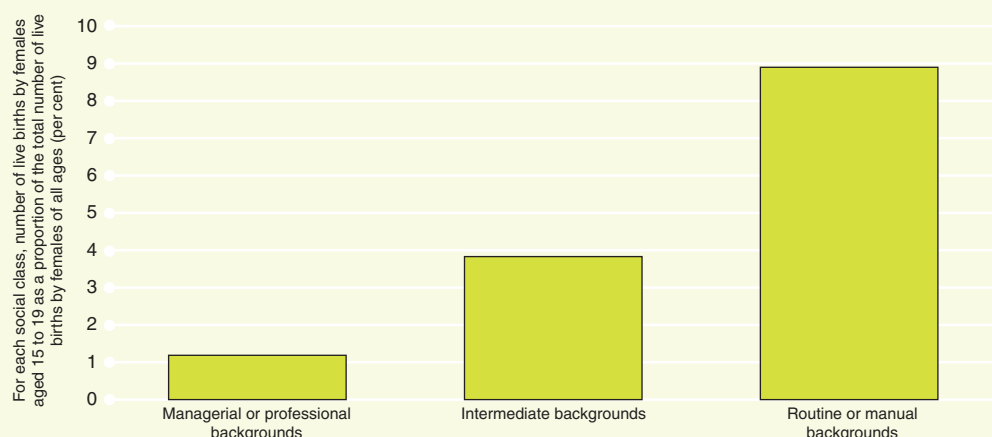
Under-age pregnancies

16A: The overall number of under-age conceptions is similar to a decade ago, although a lower proportion now lead to actual births.
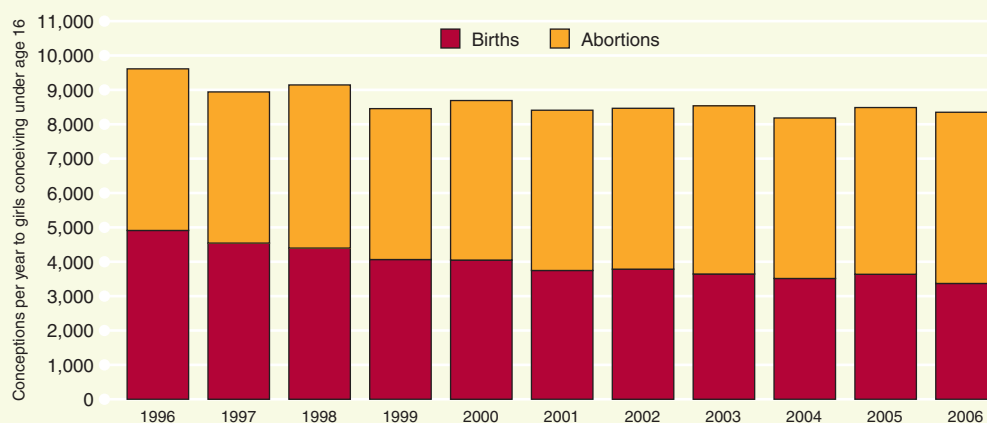
Source: Health Statistics Quarterly, ONS and ISD Scotland; Great Britain

16B: Teenage motherhood is eight times as common among those from manual social backgrounds as for those from professional backgrounds.
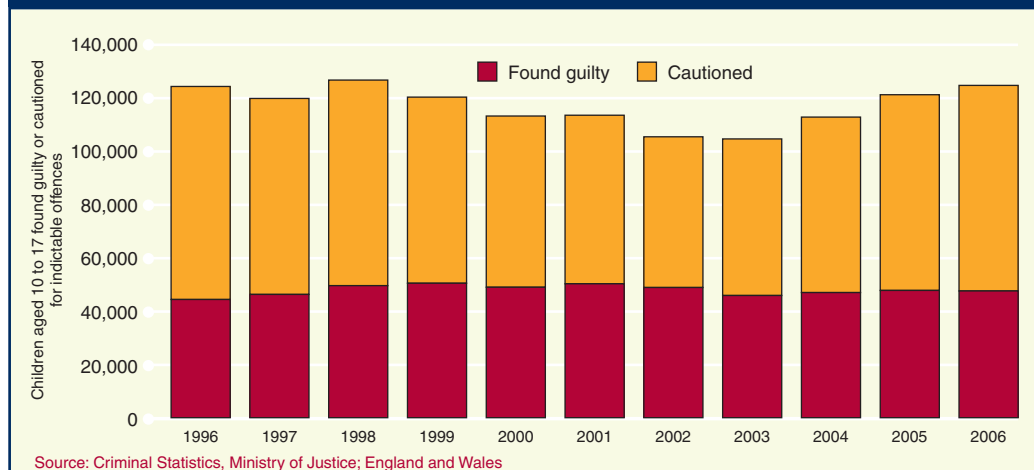

Source: Childhood, infant and perinatal mortality statistics, 2006 data, DH3, ONS; England and Wales

The first graph shows the number of conceptions per year to girls conceiving under the age of 16, with the data shown separately for delivered babies and for abortions. The data relates to Great Britain. English and Welsh conceptions leading to births are counted during the actual year of conception, while Scottish conceptions are counted after the birth of the child, which is commonly in the calendar year following conception. ONS population projections have been used for the number of 15-year-old girls.

The second graph shows, for the latest year, the number of live births by females aged 15 to 19 in each social class as a proportion of the total live births by females of that social class. It should be noted that this is a very different measure from the first graph: whatever concerns there may be about 18- or 19-year-olds giving birth, such mothers are adults and the sexual intercourse that gave rise to the conception will have been legal. The data source is the DH3 mortality statistics from the Office for National Statistics (ONS) and the data is for England and Wales. The analysis is based on the recorded social class of the father of the baby and, as such, it does not include the 25 per cent of births to females aged 15 to 19 which were sole registrations.

Overall adequacy of the indicator: medium. The collection of the conception and births statistics is an established process.

With a criminal record

17A: The number of children found guilty for indictable offences has remained steady over the last decade, while the number cautioned fell up to 2002 but has been rising since then.

Source: Criminal Statistics, Ministry of Justice; England and Wales

17B: Three times as many boys are found guilty of, or cautioned for, indictable offences as girls but the difference is much less for theft.

Source: Criminal Statistics, Ministry of Justice; the data is for 2006; England and Wales

The first graph shows the number of children between the ages of 10 and 17 who were either formally cautioned for, or convicted of, an indictable offence.

The second graph shows, for the latest year, the number of indictable offences by gender and type of offence.

The data source for both graphs is the Ministry of Justice's Criminal Statistics and the data relates to England and Wales. Note that the cautions are formal cautions only.

Overall adequacy of the indicator: medium. The figures are police-recorded crime only and should not be taken as accurate estimates of the total extent of crime carried out by children.

Health and well-being

Choice of indicators

This theme concerns two related aspects of child heath and well-being, namely low birthweight babies and child deaths. Infant mortality has traditionally been used as a major indicator of child health and, as the analysis shows, is more common among those from manual backgrounds than among those from non-manual backgrounds. Low birthweight is also widely used as an indicator as it is correlated with poor health in the first four weeks of life, and with death before the age of two years; there are also associations with premature death from coronary artery disease; and, again, as the analysis shows, it is more common among those from manual backgrounds than among those from non-manual backgrounds.

18 Low birthweight babies

The first graph shows the proportion of babies born each year who are defined as having a low birthweight, i.e. less than 2.5 kilograms (5½ lbs), for each year over the last decade. The proportions are shown separately for babies according to the social class of the father, noting that the social class classifications for 2002 onwards are different from those used in earlier years and range from 1 (higher managerial and professional) to 8 (never worked and long-term unemployed). The data is for England and Wales.

The second graph shows how the proportion of babies who are of low birthweight varies according to the parents' living status at the time of the registration of birth.

19 Child deaths

This indicator shows measures of two death rates among children. The first is the rate of infant death, measured as the proportion of children born each year who die before their first birthday. Babies who are stillborn are excluded from this measure. The first graph, for England and Wales, shows this rate, for each year over the last decade, separately for those in social classes 1 to 4 and those in classes 5 to 8. The second graph shows the number of accidental deaths among those aged under 16, in this case for Great Britain.

What the indicators show

18 Low birthweight babies

Babies born to parents from manual social backgrounds continue to be more likely to have a low birthweight than those born to parents from non-manual social backgrounds, the rate in both cases being similar to a decade ago.
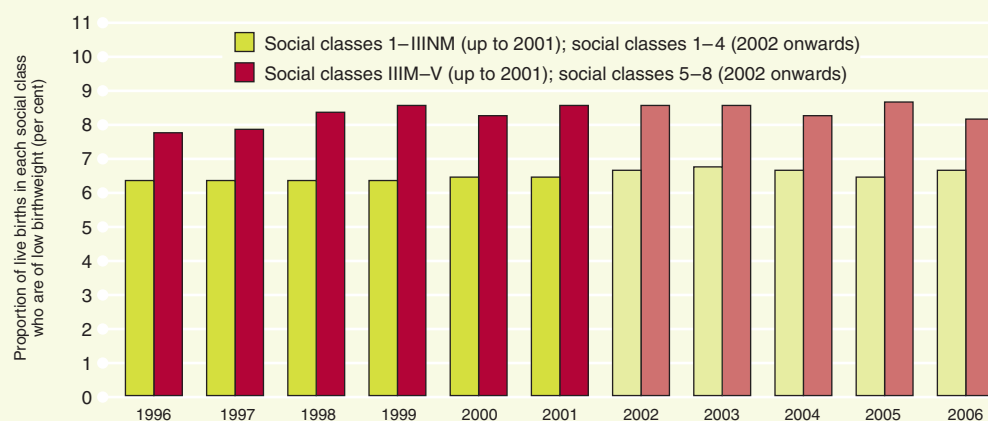
Babies born to lone parents are more likely to be of low birthweight than babies born to couples.

19 Child deaths

Although down by one fifth on a decade ago, infant deaths are 50 per cent more common among those from manual backgrounds than among those from non-manual backgrounds.

Accidental deaths among the under-16s have almost halved over the last decade.

Low birthweight babies

18A: Babies born to parents from manual social backgrounds continue to be more likely to have a low birthweight than those born to parents from non-manual social backgrounds.

Social classes 1–IIINM (up to 2001); social classes 1–4 (2002 onwards)
Social classes IIIM–V (up to 2001); social classes 5–8 (2002 onwards)

Proportion of live births in each social class who are of low birthweight (per cent)

Source: Childhood, infant and perinatal mortality statistics, DH3, ONS; England and Wales

18B: Babies born to lone parents are more likely to be of low birthweight than babies born to couples.

Proportion of live births in each status who are of low birthweight (per cent)

Joint registration, same address

Joint registration, different addresses

Registered solely by the mother

Source: Childhood, infant and perinatal mortality statistics, 2006 data, DH3, ONS; England and Wales

The first graph shows the proportion of babies born each year who are defined as having a low birthweight, i.e. less than 2.5 kilograms (5½ lbs). The proportions are shown separately for babies according to the social class of the father. The social class classifications for 2002 onwards are different from those used in earlier years and range from 1 (higher managerial and professional) to 8 (never worked and long-term unemployed). The data is for live births only (i.e. it excludes stillbirths). It is based on a 10 per cent sample coded to the father's occupation and excludes sole registrations by mothers.
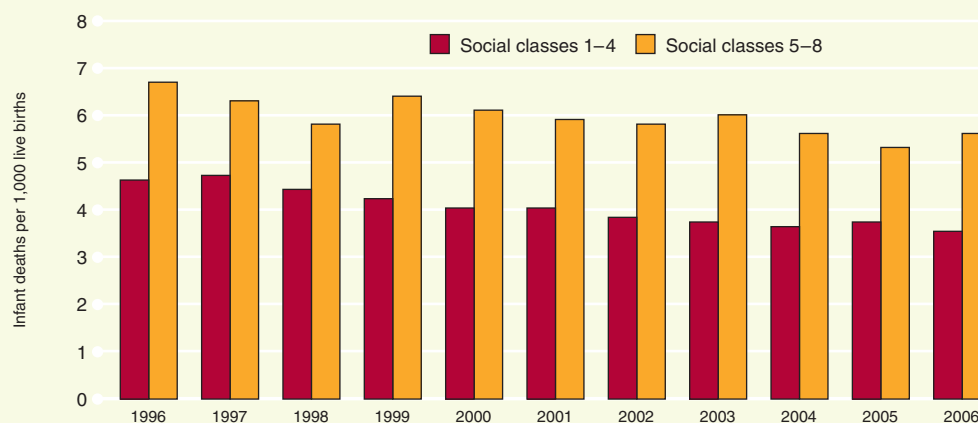
The second graph shows, for the latest year, how the proportion of babies who are of low birthweight varies according to the parents' living status at the time of the registration of birth. The data is based on a 100 per cent count of live births.

The data source for both graphs is ONS DH3 childhood, infant and perinatal mortality statistics and relates to England and Wales.

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

Child deaths

Indicator 19

19A: Although down by a fifth on a decade ago, infant deaths are 50 per cent more common among those from manual backgrounds than among those from non-manual backgrounds.

Social classes 1–4   Social classes 5–8

Infant deaths per 1,000 live births

1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006

Source: Childhood, infant and perinatal mortality statistics, DH3, ONS; England and Wales

19B: Accidental deaths among the under-16s have almost halved over the last decade.

Number of under-16 accidental deaths

1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006
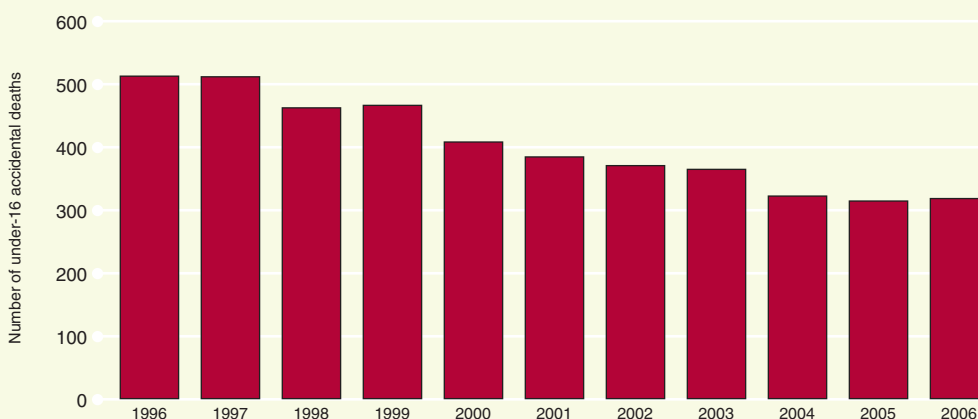
Source: ONS Mortality Division and the General Register Office for Scotland; Great Britain

The first graph shows the annual number of infant deaths per 1,000 live births, with the data shown separately according to the social class of the father. Infant deaths are deaths which occur at ages under one year. The social class classifications are those recently introduced which range from 1 (higher managerial and professional) to 8 (never worked and long-term unemployed). The data source is Office for National Statistics (ONS) DH3 childhood, infant and perinatal mortality statistics. The data relates to England and Wales and is based on a 10 per cent sample of live births. The data is based on year of occurrence. Cases where the social class of the father is unknown (including all births where the registration is solely in the name of the mother) have been excluded from the analysis.

The second graph shows the annual number of deaths due to external causes among those aged under 16. The data is from ONS and relates to Great Britain. 'Accidental deaths' encompasses all forms of accidental death, including traffic accidents, poisoning, falls and drowning as well as suicides and homicides (ICD-10 codes V01-X59). The data is based on year of occurrence rather than year of registration.

Overall adequacy of the indicator: high. The sample sizes are substantial and relatively few (5 per cent) have not been coded to a social class.

Chapter 3 **Young adults**

Economic circumstances

Choice of indicators

20 Young adults in low-income households

The first graph in this indicator shows, for each year since the mid-1990s, the proportion of adults aged 16 to 24 living in low-income households, comparing this with the equivalent proportion for those aged 25 to retirement. It uses the same low-income threshold used elsewhere in this report, namely households with incomes after deducting housing costs which are less than 60 per cent of the UK median.

The supporting graph provides a breakdown of low-income rates by age, from birth to age 85 and above. For those aged 25 and over, the analysis is in five-year age bands. For those aged under 25, the bands have been chosen by grouping years with similar risks together, noting that there is a marked change in risk around the age of 21.

21 Young adult unemployment

This indicator focuses on the subject of unemployment among young adults, defined here as those aged 16 to 24. The first graph shows the unemployment rate for young adults for each year over the last decade, comparing it with the rate for those aged 25 to retirement. Note that the unemployment rate expresses the numbers unemployed as a proportion of the economically active population, that is, those in jobs plus those officially unemployed. People who are economically inactive (i.e. not working but either not actively seeking work or not able to start work immediately), including those in full-time education, are not included in the statistic.

The supporting graph looks at those in their late 20s, in effect the youngest age cohort who have almost all completed their education. It shows the proportions lacking but wanting work according to the highest level of qualification, divided in each case between those who are unemployed and those who are economically inactive but wanting work. By so doing, it illustrates the connection between educational outcomes in late teens and future economic prospects, particularly when used in conjunction with the second graph of the next indicator.

22 Young adult low pay

In this indicator, as elsewhere, 'low pay' is defined as £7 an hour or less in 2007. The justification for using this threshold is twofold. First, at around 60 per cent of full-time male median hourly earnings, it is at a level commonly used in low pay research. Second, it is roughly what a two-earner couple, one full-time and one part-time, with two dependent children, would need to earn in order to have enough money (with Child Benefit and tax credits) to take them up to the low-income (poverty) line used elsewhere in this report. If, say, a threshold of £6.50 per hour or £7.50 per hour had been used instead, the findings in this section would be similar.

The indicator shows the extent of low pay among men and women between the ages of 18 and 21. The first graph shows the proportion of male and female employees who were low-paid each year since 1998 (the first year for which the data is available). Note that the low pay thresholds for earlier years have been obtained by scaling the £7 figure down in proportion to the rate at which average earnings changed over the corresponding period.

The supporting graph looks at those in their late 20s, in effect the youngest age cohort who have almost all completed their education. It shows the proportions of employees aged 25 to 29 who were paid less than £7 per hour in 2007 according to the highest level of qualification.

What the indicators show

20 Young adults in low-income households

Young adults are much more likely to live in low-income households than older working-age adults.

The heightened risk that children face of living in a low-income household does not end at the formal end of childhood but continues through to the age of 21.

21 Young adult unemployment

At 15 per cent, the unemployment rate for 16- to 24-year-olds has been rising since 2004 and is now four times the rate for older workers.

The lower a young adult's qualifications, the more likely they are to be lacking but wanting paid work. Even so, only a fifth of adults aged 25 to 29 with no qualifications lack but want work.
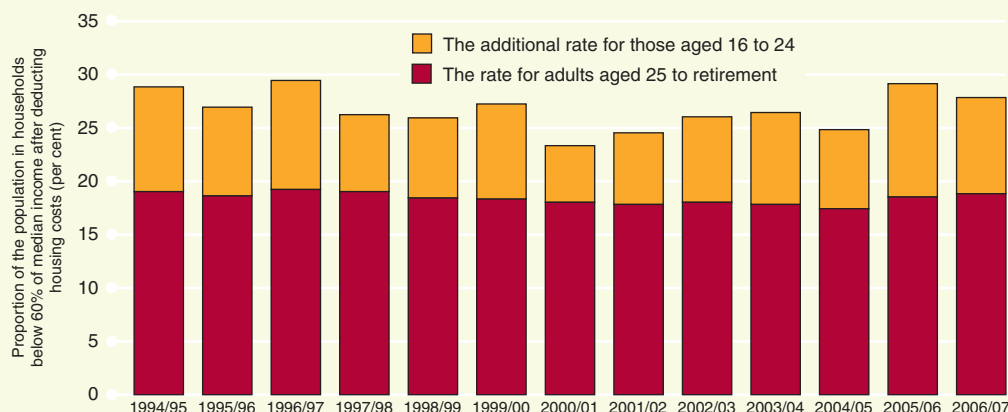
22 Young adult low pay

In 2007, 70 per cent of all employees aged 18 to 21 – both men and women – earned less than £7 per hour.

The lower a young adult's qualifications, the more likely they are to be low-paid. Two-thirds of adults aged 25 to 29 with no qualifications are low-paid.

Young adults in low-income households

20A: Young adults are much more likely to live in low-income households than older working-age adults.

The additional rate for those aged 16 to 24
The rate for adults aged 25 to retirement

Proportion of the population in households below 60% of median income after deducting housing costs (per cent)

Source: Households Below Average Income, DWP; UK

20B: The heightened risk that children face of living in a low-income household does not end at the formal end of childhood but continues through to the age of 21.

Proportion of the age group in households below 60% of median income after deducting housing costs (per cent)

Age group

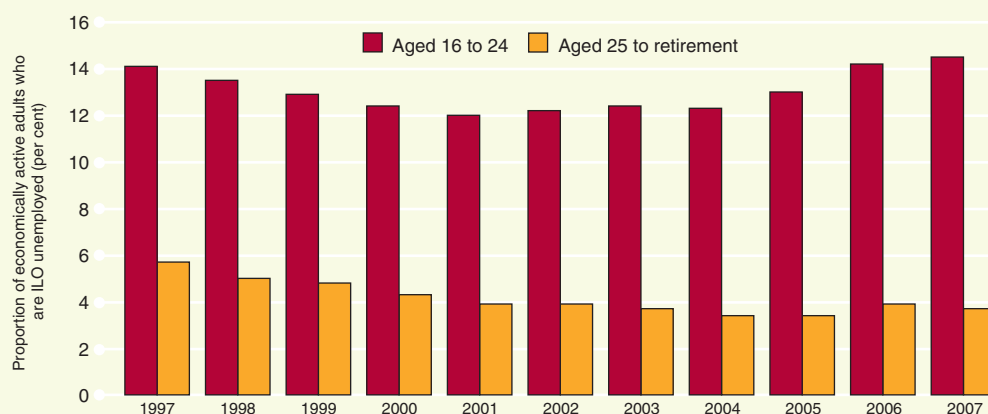Source: Households Below Average Income, DWP; the data is the average for 2003/04 to 2005/06; UK

The first graph shows the proportion of adults aged 16 to 24 living in low-income, with the bar split to show the extent to which adults aged 16 to 24 are at a higher risk than older working-age adults of being in households below that threshold.

The second graph shows the risk of a person being in a low-income household by age. The ages are banded in five-year age bands from 25 onwards but, for those under the age of 25 the bands have been chosen by grouping years with similar risks together, noting that there is a marked change around the age of 21.

The data source for both graphs is Households Below Average Income (HBAI), based on the Family Resources Survey (FRS). For 2002/03 onwards, the data relates to the United Kingdom while the data for earlier years is for Great Britain (FRS did not cover Northern Ireland until 2002/03). Income is disposable household income after deducting housing costs and the low-income threshold is the same as that used elsewhere, namely 60 per cent of contemporary median household income. All data is equivalised (adjusted) to account for differences in household size and composition.

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

Young adult unemployment

21A: At 15 per cent, the unemployment rate for 16- to 24-year-olds has been rising since 2004 and is now four times the rate for older workers.

Source: Labour Force Survey, ONS; UK

21B: The lower a young adult's qualifications, the more likely they are to be lacking but wanting paid work. Even so, only a fifth of adults aged 25 to 29 with no qualifications lack but want work.
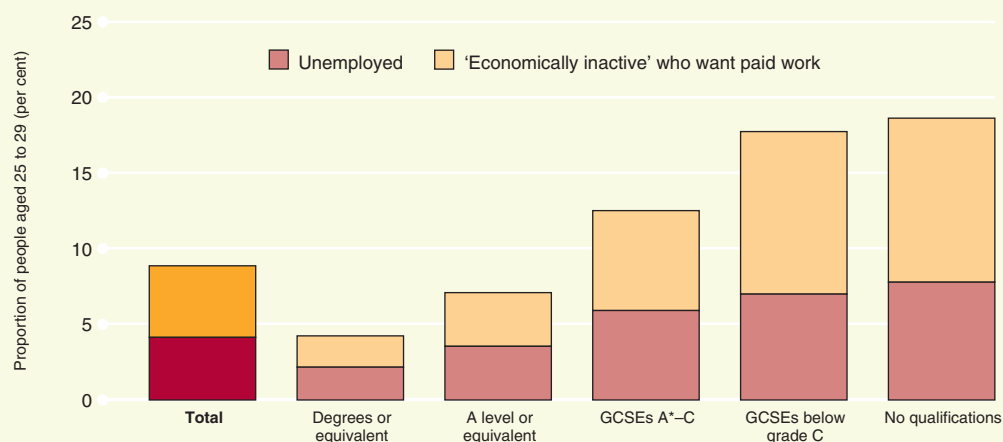
Source: Labour Force Survey, ONS; the data is for 2007; UK

The first graph shows the unemployment rate for those aged 16 to 24, compared with those aged 25 and over (up to retirement). 'Unemployment' is the International Labour Organization (ILO) definition, which is used for the official government unemployment numbers. It comprises all those with no paid work in the survey week who were available to start work in the next fortnight and who either looked for work in the last month or were waiting to start a job already obtained. The unemployment rate is the percentage of the economically active population who are unemployed.

The second graph shows the proportion of 25- to 29-year-olds who lack but want paid work, with the data broken down by level of highest qualification. The data is shown separately for those who are unemployed and those counted as 'economically inactive' who nevertheless want paid work (the definition of which is as discussed in indicator 26). The lower age limit of 25 has been chosen on the grounds that a) the vast majority of people will have completed their formal education by that age and b) they will no longer be in casual employment (as, for example, students often are).

The data source for both graphs is the Labour Force Survey (LFS) and relates to the United Kingdom. The figures for each year are the average for the four quarters of the relevant year.

Overall adequacy of the indicator: high. The LFS is a large, well-established, quarterly government survey designed to be representative of the population as a whole.
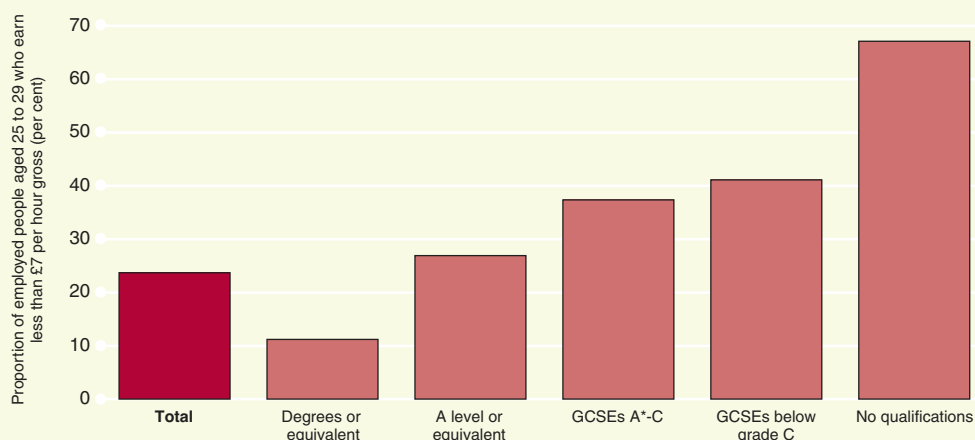
Young adult low pay

22A: In 2007, 70 per cent of all employees aged 18 to 21 – both men and women – earned less than £7 per hour.

Proportion of employees aged 18 to 21 earning less than an hourly threshold set at £7 for the latest year and deflated for earlier years in line with the average rise in earnings (per cent)

☐ Men aged 18–21 paid less than a relative low pay threshold (£7 per hour in 2007)
☐ Women aged 18–21 paid less than a relative low pay threshold (£7 per hour in 2007)

Source: NPI calculations based on ONS estimates; UK

22B: The lower a young adult's qualifications, the more likely they are to be low paid. Two-thirds of adults aged 25 to 29 with no qualifications are low paid.

Proportion of employed people aged 25 to 29 who earn less than £7 per hour gross (per cent)

Total | Degrees or equivalent | A level or equivalent | GCSEs A*-C | GCSEs below grade C | No qualifications

Source: Labour Force Survey, ONS; the data is for 2007; UK

The first graph shows the estimated proportion of employees aged 18 to 21 who were paid below an hourly pay threshold that rises in line with average earnings and reaches £7 in 2007. It is therefore £4.82 in 1998, £5.04 in 1999, £5.32 in 2000, £5.57 in 2001, £5.74 in 2002, £5.93 in 2003, £6.17 in 2004, £6.45 in 2005, £6.70 in 2006 and £7 in 2007. The data is shown separately for men and women. No data is available for years before 1998 and the available data only distinguishes between the 18–21 and 22+ age groups. The figures are from published Office for National Statistics (ONS) statistics which were themselves derived from a combination of data from the Labour Force Survey (LFS) and Annual Survey of Hours and Earnings (ASHE), with adjustments by the ONS.

The second graph shows the proportion of 25- to 29-year-olds in employment who were paid less than £7 per hour, with the data broken down by level of highest qualification. The lower age limit of 25 has been chosen on the grounds that a) the vast majority of people will have completed their formal education by that age and b) they will no longer be in casual employment (as, for example, students often are). The data source is the LFS and relates to the United Kingdom. The data is for 2007.

Overall adequacy of the indicator: medium. The LFS and ASHE are well-established government surveys, designed to be representative of the population as a whole. However, the ONS methods for combining and adjusting the data are not available for public scrutiny, and the underlying dataset itself is not publicly available.

Education

Choice of indicators

The indicators in the previous theme illustrate the connection between educational outcomes in late teens and future economic prospects. This theme explores two groups of young adults for which there are particular concerns about educational outcomes, namely teenagers not in education, employment or training and those without a basic qualification at age 19.

23 Not in education, employment or training

This indicator focuses on a group who have long been a cause for official concern, namely those teenagers above the compulsory school age who are neither in education, employment or training. The first graph shows the proportion of 16- to 19-year-olds in this situation for each year over the last decade. The second shows the status of 16-year-olds according to whether they are in full-time education, training or employment (with or without training), not settled or unknown. These results are shown separately for boys and girls.

24 Without a basic qualification at age 19

This indicator shows the estimated proportion of 19-year-olds whose highest level of qualification, if any, is lower than an NVQ2 or the academic equivalent. The first graph shows how this proportion has changed year by year from 1997 onwards. Note that the Department for Children, Schools and Families has recently decided that the data source traditionally used for this analysis (the Labour Force Survey) no longer adequately captures the full range of vocational qualifications, at least in England, and that the proportions are also underestimated because of self-reporting. They have therefore undertaken equivalent analysis using administrative data. In this context, the graph shows both sets of data, noting that the data from the Department for Children, Schools and Families is for England only and only goes back to 2004.

The second graph shows how an age cohort's highest level of qualification – in this case, the cohort born in 1986 – alters between the ages of 16 and 21.

What the indicators show

23 Not in education, employment or training

One in eight 16- to 19-year-olds is not in education, employment or training, slightly higher than a decade ago.

Among 16-year-olds, girls are more likely than boys to continue in full-time education, although boys are more likely than girls to be in employment, with or without training.

24 Without a basic qualification at age 19

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

Most of those who first acquire a Level 2 qualification after the age of 17 have done so by the age of 19.
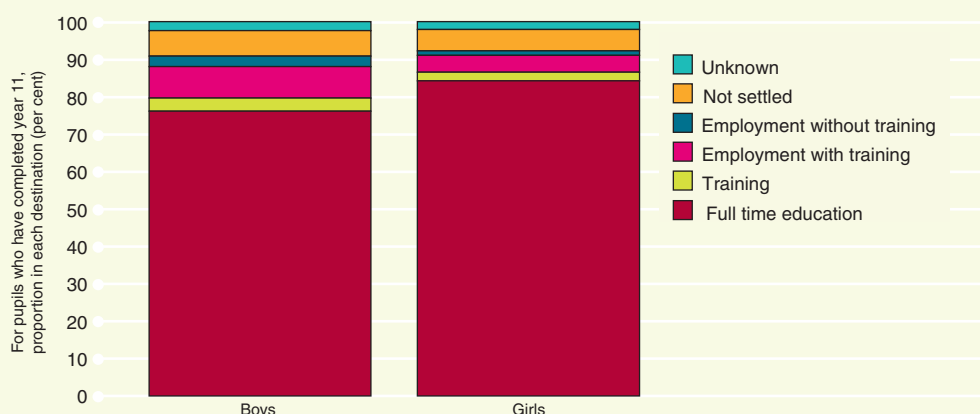
Not in education, employment or training

23A: One in eight 16- to 19-year-olds is not in education, employment or training, slightly higher than a decade ago.
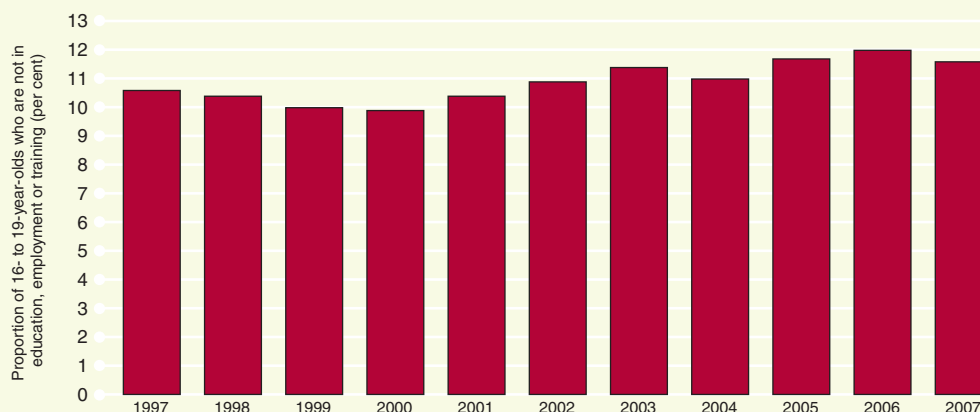
Source: Labour Force Survey, ONS; UK

23B: More 16-year-old girls than boys continue in full-time education.

Source: Careers Service Activity Survey, Connexions; the data is for 2007; England

The first graph shows the proportion of 16- to 19-year-olds who are not in education, employment or training (sometimes referred to as NEETs). The data source is the Labour Force Survey (LFS) and relates to the United Kingdom. The reason for the 16–19 age grouping, rather than the traditional 16–18 age grouping, is that LFS now only includes age by band rather than by individual year. Analysis of past years suggests that the proportion not in education, employment or training is typically around one percentage point lower for the 16–18 age group compared with the 16–19 age group. The figures for each year are the average for the four quarters of the relevant year. Note that the figures are not precisely the same as those in official government publications, partly because of the age group used and partly because government publications are typically based on analysis of the fourth quarter data for each year only.

The second graph shows, for the latest year, how the destinations of pupils who have completed year 11 vary by gender. The data source is the Connexions Careers Service Activity Survey obtained via the annual publication *Moving on – pathways taken by young people beyond 16*. The data relates to England only.
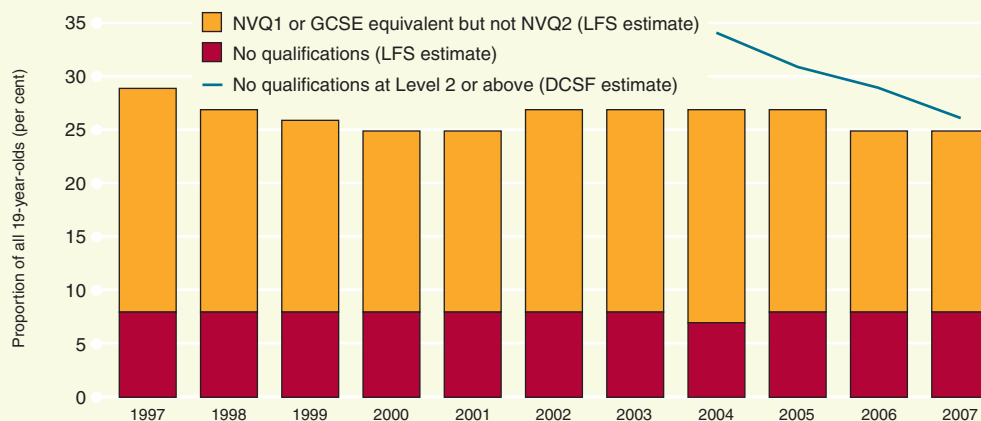
Overall adequacy of the indicator: limited. The LFS is a large, well-established, quarterly government survey designed to be representative of the population as a whole but nevertheless the sample sizes are small. Furthermore, LFS may not always capture all types of education or training that a person is engaged in.
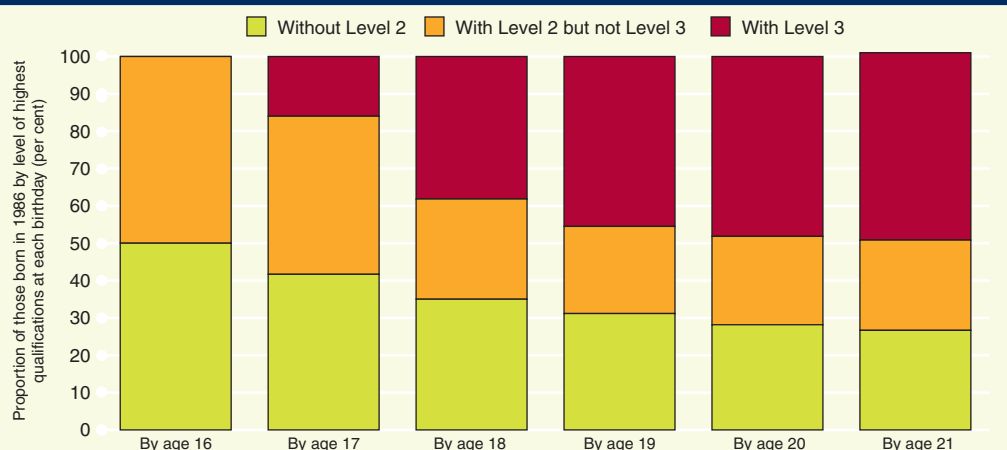
Without a basic qualification at age 19

24A: One in four 19-year-olds still fail to achieve a basic level of qualification and one in twelve have no qualifications at all.

Legend:
- NVQ1 or GCSE equivalent but not NVQ2 (LFS estimate)
- No qualifications (LFS estimate)
- No qualifications at Level 2 or above (DCSF estimate)

Y-axis: Proportion of all 19-year-olds (per cent)

Source: Labour Force Survey, ONS; (UK data) and DCSF publication based on matched administrative data (England only)

24B: Most of those who first acquire a Level 2 qualification after the age of 17 have done so by the age of 19.

Legend:
- Without Level 2
- With Level 2 but not Level 3
- With Level 3

Y-axis: Proportion of those born in 1986 by level of highest qualifications at each birthday (per cent)

X-axis: By age 16, By age 17, By age 18, By age 19, By age 20, By age 21

Source: DCSF publication based on matched administrative data; England

The first graph shows the proportion of 19-year-olds without a basic qualification, with the data shown separately for those without NVQ2 or equivalent and those without any GCSEs at grade G or above. Department for Children, Schools and Families (DCSF) equivalence scales have been used to translate academic qualifications into their vocational equivalents and, in line with these, 45 per cent of those with an 'other qualification' are considered to have NVQ2 or equivalent. The data source is the Labour Force Survey (LFS) and relates to the United Kingdom. The figures for each year are the average for the four quarters of the relevant year.

DCSF has recently concluded that, at least in England, LFS appears to overstate academic achievement and, furthermore, that the range and diversity of vocational qualifications has grown in recent years and that it is difficult for LFS to accurately capture these. They therefore prefer to use newly introduced administrative sources to analyse levels of qualifications among young adults. The graph therefore also shows this data, noting that the data from DCSF is for England only and only goes back to 2004. Using this data, the second graph shows, for those pupils born in 1986, what proportion has achieved certain educational levels at each age from 16 (i.e. in 2002) to 21 (i.e. in 2007). The particular educational levels shown are below Level 2, Level 2 but not Level 3, and Level 3 or above, where Levels 2 and 3 are similar, but not quite identical, to NVQ2 and NVQ3 respectively.

Overall adequacy of the indicator: limited. The LFS is a well-established, quarterly survey designed to be representative of the population as a whole. However, a) the sample sizes for 19-year-olds are very small and b) as discussed above, it appears that the qualifications data in LFS at age 19 has some shortcomings but it is the only source for time trend data.

Chapter 4 **Working-age adults**

Economic circumstances

Choice of indicators

25 Low income and work

At the heart of the Government's drive to reduce child poverty lies the idea that work is the route out of poverty. While work clearly reduces the risk of low income, it by no means reduces this risk to zero. This indicator, therefore, focuses on those people who, despite either working themselves or having at least one working member of their family, continue to find themselves in low income: 'in-work poverty' for short. It uses the same low-income threshold used elsewhere in this report, namely households with incomes, after deducting housing costs, which are less than 60 per cent of the UK median.

For working-age adults in low-income households, the indicator counts the number of people where at least one of the adults in the family is in work and compares them with the number in workless families. The first graph does this for each year since the mid-1990s. The supporting graph provides a further breakdown of both figures according to whether or not there are dependent children in the family.

26 Wanting paid work

This indicator looks at workless individuals. Those who are counted as unemployed are at the core of this group but they are by no means the only members. The official definition of unemployment is based upon the International Labour Organization (ILO) standard, namely, jobless people who (a) want to work, (b) are available to start work in the next two weeks, and (c) have been actively seeking work in the last four weeks, or who have just found a job and are waiting to start. This group goes wider than those who are claiming the relevant social security benefit (Jobseeker's Allowance). People who are (ILO) unemployed, along with those who are working, are described as 'economically active'.

Many members of the 'economically inactive' group also want to work. The reason why they are not counted as unemployed is because they are either not actively seeking work or are not immediately available for work. Disabled people and lone parents are likely to be in this category, rather than the unemployed category, if they lack but want work.

In this context, the indicator extends the focus on people lacking but wanting work to include those who are economically inactive but wanting paid work as well as those who are unemployed. The first graph shows the number of working-age adults lacking but wanting work for each year over the last decade, with separate figures for those who have been unemployed for less than a year, those who have been unemployed for more than a year, and those who are economically inactive but wanting work. The supporting graph provides a breakdown of those who lack but want paid work by the reason why they lack work (unemployed, disabled, looking after family/home etc).

27 Workless households

Worklessness clearly has a greater economic impact if all the adults in the household are workless. This indicator is concerned with the prevalence of worklessness for households of different types, that is, whether the household contains one or more working-age adults and whether there are dependent children or not. The first graph shows, for each of these four types, the proportion who were workless year by year over the past decade. The second graph provides a division of the total number of workless households according to which of the four types they are.

28 Work and disability

The proportion of disabled working-age people who live in low-income households is double that for their non-disabled counterparts (see *Monitoring poverty and social exclusion 2007*). The major reason for this is the high proportion of disabled people who lack paid work.

In this context, this indicator focuses on the work rates for disabled working-age people, comparing these rates with other selected groups. The first graph shows the proportions in work for each year since 1998 (the first year for which data on disability was collected) for four groups, namely those neither disabled nor a lone parent; non-disabled lone parents; people who are disabled but are not lone parents; and disabled lone parents. To illustrate how the low work rates among disabled people are by no means due to their relative lack of qualifications, the second graph shows how work rates vary according to level of highest educational qualification and whether or not the person has a work-limiting disability.

What the indicators show

25 Low income and work

Among working-age adults in low income, the rising number in working families now exceeds the falling number in workless ones.

Most of the rise in working families in low income has been among those without dependent children.

26 Wanting paid work

Official long-term unemployment halved between 1997 and 2004, but has been rising since then. The number who are economically inactive but wanting paid work also stopped falling in 2004.

Only two-fifths of those who lack, but want, paid work are officially unemployed. A further fifth are long-term sick or disabled.

27 Workless households

Single adult households – both with and without children – are much more likely to be workless than couple households.

Half of workless, working-age households are single adults without dependent children.

28 Work and disability

While the proportion of lone parents who are in paid work has increased a lot, the proportion of disabled people who are in paid work has only increased slightly.

At every level of qualification, the proportion of people with a work-limiting disability who lack, but want, paid work is between two and four times as high as for those without a disability.
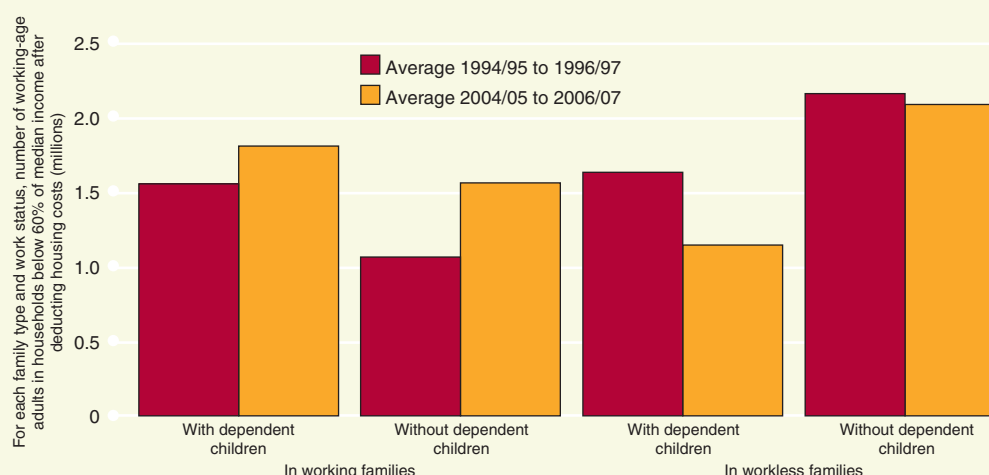
Low income and work

25A: Among working-age adults in low income, the rising number in working families now exceeds the falling number in workless ones.
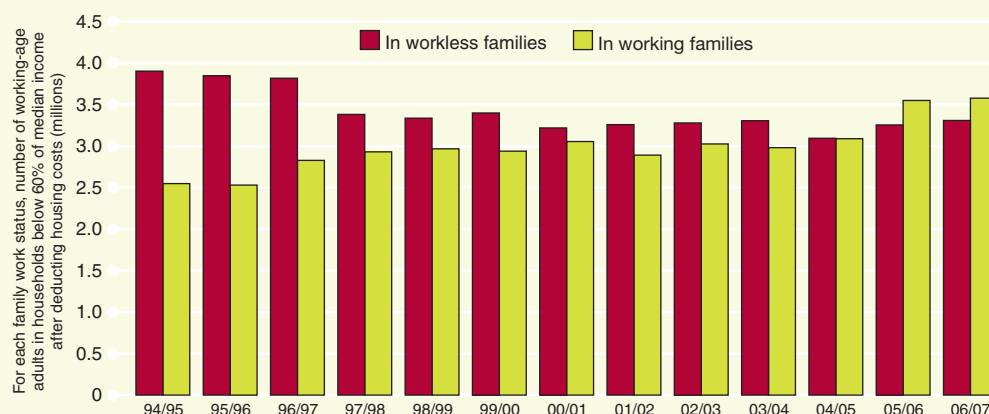
Source: Households Below Average Income, DWP; Great Britain

25B: Most of the rise in working families in low income has been among those without dependent children.

Source: Households Below Average Income, DWP; Great Britain

The first graph shows, over time, the number of working-age adults who are in low-income households, with the data shown separately for families where someone is in paid work and for workless families. The second graph provides a further breakdown, with the data shown separately for families with and without dependent children.

The data source for both graphs is Households Below Average Income (HBAI), based on the Family Resources Survey (FRS). The data relates to Great Britain. Income is disposable household income after deducting housing costs and the low-income threshold is the same as that used elsewhere, namely 60 per cent of contemporary median household income. All data is equivalised (adjusted) to account for differences in household size and composition.

The term 'family' is used to cover an adult and their spouse (if applicable) whereas the term 'household' is used to cover everyone living in a dwelling. So, a young adult living with their parents would count as one 'household' but two 'families'. In analysing the rates of low income by work status, the work status is analysed by family whereas the income is analysed by household. This is the main reason why the low income rates for workless families is much less than 100 per cent. Note that an alternative – and more technically correct – term for 'family' is 'benefit unit'. Also note that families where at least one of the adults is of pensionable age are excluded from the analysis.

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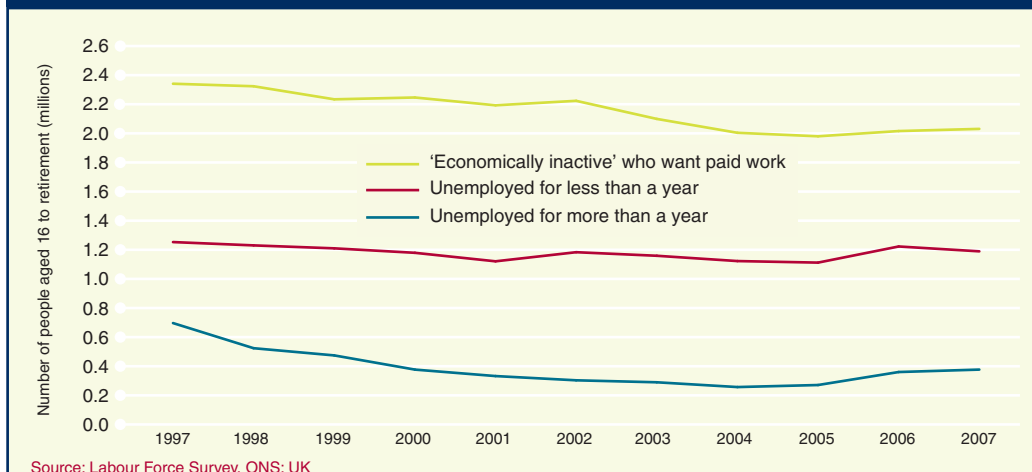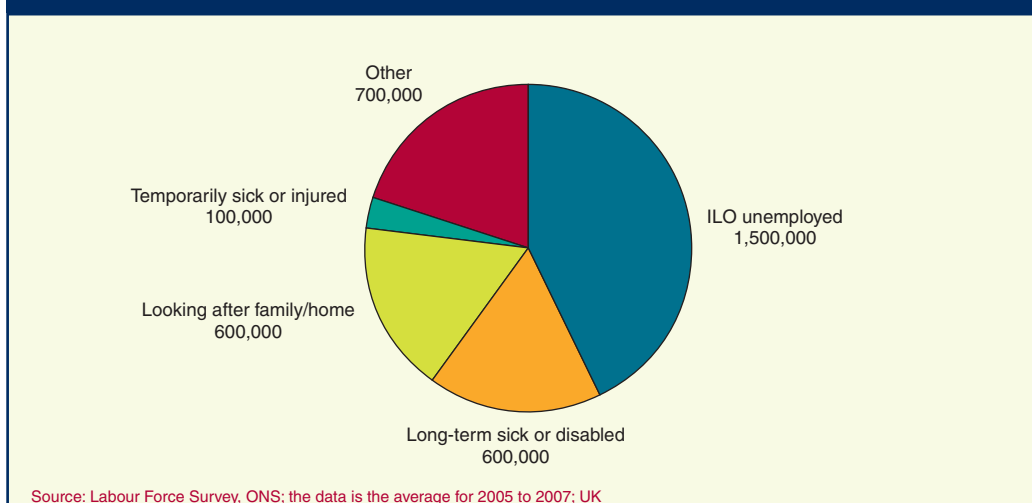
Wanting paid work

26A: Official long-term unemployment halved between 1997 and 2004, but has been rising since then. The number who are economically inactive but wanting paid work also stopped falling in 2004.

Number of people aged 16 to retirement (millions)

- 'Economically inactive' who want paid work
- Unemployed for less than a year
- Unemployed for more than a year

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007

Source: Labour Force Survey, ONS; UK

26B: Only two-fifths of those who lack, but want, paid work are officially unemployed. A further fifth are long-term sick or disabled.

Other
700,000

Temporarily sick or injured
100,000

Looking after family/home
600,000

ILO unemployed
1,500,000

Long-term sick or disabled
600,000

Source: Labour Force Survey, ONS; the data is the average for 2005 to 2007; UK

The first graph shows the number of people aged 16 to retirement lacking but wanting paid work. It is divided between the long-term unemployed, the short-term unemployed, and those counted as 'economically inactive' who nevertheless want paid work. 'Unemployment' is the International Labour Organization (ILO) definition, which is used for the official UK unemployment numbers. It comprises all those with no paid work in the survey week who were available to start work in the next fortnight and who either looked for work in the last month or were waiting to start a job already obtained. The economically inactive who want paid work includes people not available to start work for some time and those not actively seeking work. The data is based on a question in the Labour Force Survey (LFS) asking the economically inactive whether they would like paid work or not.

The second graph shows, for the latest year, the proportions of those aged 16 to retirement who want paid work by reason for their lack of work.
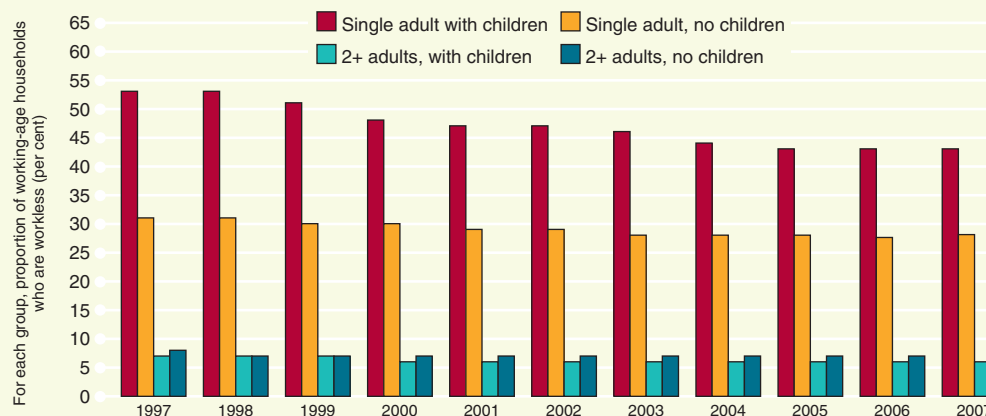
The data source for both graphs is the LFS. The data relates to the United Kingdom and is not seasonally adjusted. The figures for each year are the average for the four quarters of the relevant year.

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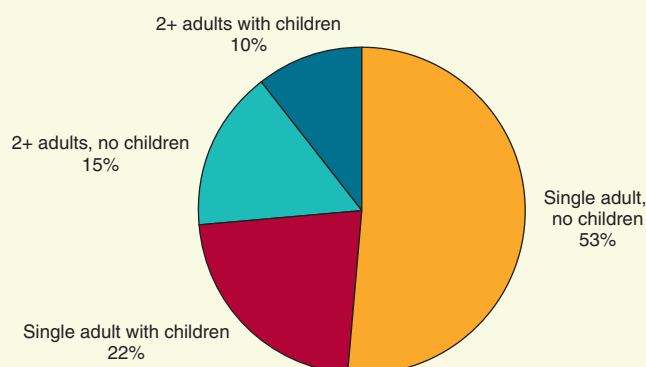
Workless households

27A: Single adult households – both with and without children – are much more likely to be workless than couple households.

Legend:
- Single adult with children
- Single adult, no children
- 2+ adults, with children
- 2+ adults, no children

Y-axis: For each group, proportion of working-age households who are workless (per cent)

X-axis years: 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007

Source: Labour Force Survey, ONS; UK

27B: Half of workless, working-age households are single adults without dependent children.

- 2+ adults with children 10%
- 2+ adults, no children 15%
- Single adult, no children 53%
- Single adult with children 22%

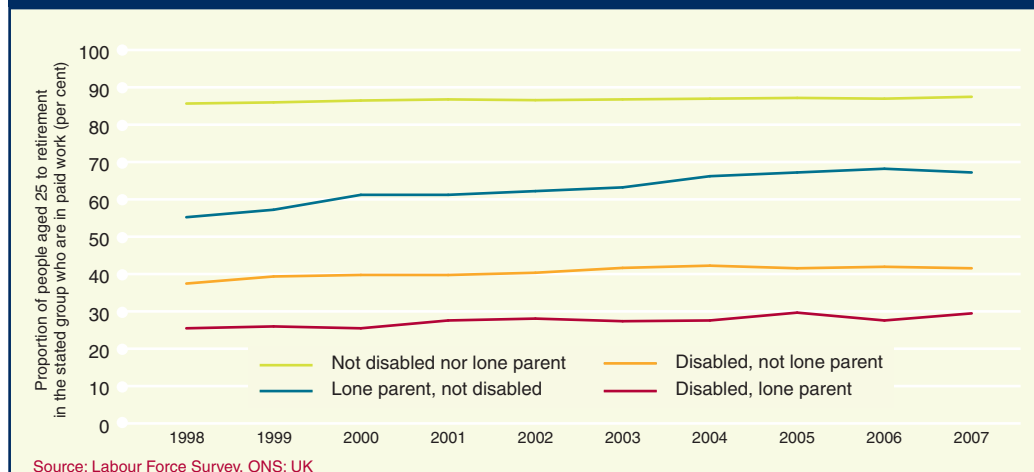Source: Labour Force Survey, ONS; the data is the average for 2005 to 2007; UK

For each of a number of working-age household types, the first graph shows the proportion of the households who are workless (i.e. households where none of the adults are working). The four household types shown are lone parent households, single adults without dependent children, households with two or more adults but no dependent children, and households with two or more adults and one or more dependent children.

The second graph shows the proportion of all workless working-age households who are in each household type.
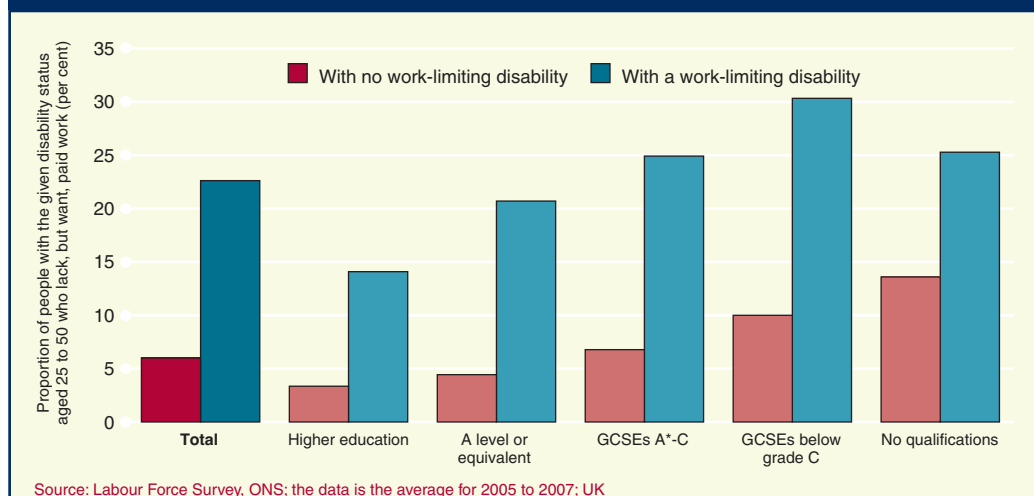
The data source for both graphs is the Labour Force Survey (LFS) and relates to the United Kingdom. The data for each year is the average for the second and fourth quarters, analysis by household type not being available for the first and third quarters. A working-age household is one in which at least one of the people is aged 16 to 59/64. Households which are entirely composed of full-time students have been excluded from the analysis, as have households where their economic status is not known. Full-time students have been excluded from the calculations to decide whether the household has one or more than one adult. In line with Office for National Statistics (ONS) methods, children comprise all those under the age of 16 (i.e. not including people aged 16 to 18 in full-time education).

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

Work and disability

28A: While the proportion of lone parents who are in paid work has increased a lot, the proportion of disabled people who are in paid work has only increased slightly.

Proportion of people aged 25 to retirement in the stated group who are in paid work (per cent)

- Not disabled nor lone parent
- Lone parent, not disabled
- Disabled, not lone parent
- Disabled, lone parent

Source: Labour Force Survey, ONS; UK

28B: At every level of qualification, the proportion of people with a work-limiting disability who lack, but want, paid work is much greater than for those without a disability.

Proportion of people with the given disability status aged 25 to 50 who lack, but want, paid work (per cent)

- With no work-limiting disability
- With a work-limiting disability

Total, Higher education, A level or equivalent, GCSEs A*-C, GCSEs below grade C, No qualifications

Source: Labour Force Survey, ONS; the data is the average for 2005 to 2007; UK

The first graph shows the proportion of people aged 25 to retirement who are in paid work, with the data shown separately for each combination of disabled/not disabled and lone parent/not lone parent. The lower age limit of 25 has been used because the high prevalence of unemployment among younger adults combined with the low prevalence of disability in that age group arguably distorts, and certainly changes, the comparisons. The second graph shows how the proportion of people aged 25 to 50 who lack, but want, paid work varies by level of disability and level of highest qualification.

The definition of 'lacking but wanting paid work' is as discussed in indicator 26. 'Work-limiting disability' is a Labour Force Survey (LFS) classification and comprises those people who stated that they have had health problems for more than a year and that these problems affect either the kind or amount of work that they can do. The reason for using this definition, rather than that of the Disability Discrimination Act (DDA), is that those who are disabled according to the DDA but not according to the work-limiting definition have work rates which are similar to those who are not disabled under either definition.

The data source for both graphs is the LFS and relates to the United Kingdom. The data for each year is the average for the second and fourth quarters (data on household type not being available for the other two quarters).

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

Social security

Choice of indicators

This theme looks at out-of-work benefits for those of working age. Increases in the value of these benefits for both families with children and pensioners have formed an integral part of the government's anti-poverty policies. By contrast, raising the value of benefits for working-age people without dependent children has formed no part of that strategy. This theme therefore looks at the value of such benefits and the number of recipients.

29 Out-of-work benefit levels

The first graph shows what has happened to the value of out-of-work benefits for various household types, relative to earnings in each year over the last decade. All the household types shown here are couples: pensioners, and working age with no, one and two dependent children respectively. The shapes of the lines, relative to one another, are similar for the equivalent lone adult households. In essence, the graph plots the value of Income Support. Jobseeker's Allowance also follows the value of Income Support for working-age recipients. For pensioners, Income Support is nowadays badged as (guarantee) Pension Credit.

The supporting graph shows the relative sizes of the different groups of adults in receipt of state benefits (not just Income Support), namely pensioners, lone parents, couples with dependent children and working-age singles or couples without dependent children.

30 Long-term working-age recipients of out-of-work benefits

This indicator shows the number of people of working age receiving out-of-work benefits for two years or more, according to whether they are disabled, a lone parent, unemployed or a carer. The figures are shown for each year over the last decade. The majority of long-term claimants of out-of-work benefits are sick or disabled and, in this context, the supporting graph shows a breakdown of the medical conditions that long-term recipients of disability out-of-work benefits (either Incapacity Benefit or Severe Disablement Allowance) have.

What the indicators show

29 Out-of-work benefit levels

The level of means-tested benefits, relative to earnings, for both pensioners and families with two or more children stopped increasing around 2003. The level of means-tested benefits for working-age adults without children has declined steadily throughout the period.

Almost half of all adults in receipt of state benefits are of working age and do not have dependent children.

30 Long-term working-age recipients of out-of-work benefits

Three-quarters of working-age people receiving a key out-of-work benefit for two years or more are sick or disabled.
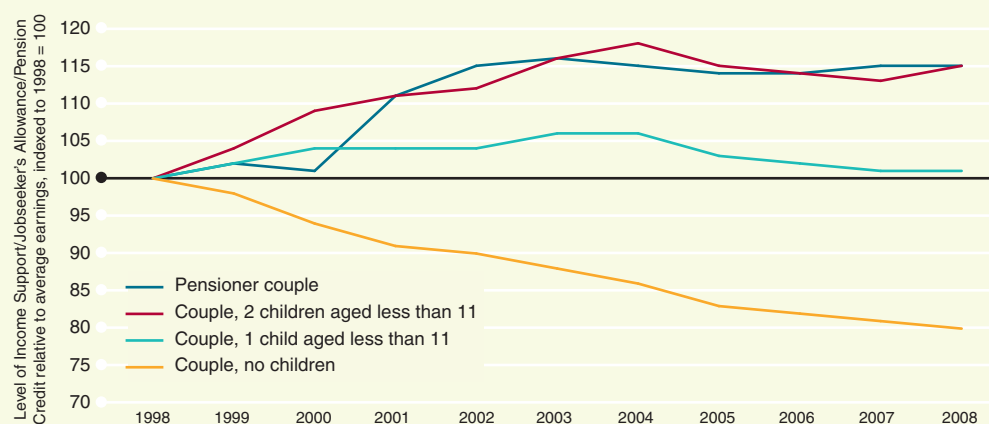
Two-fifths of all long-term claimants of Incapacity Benefit or Severe Disablement Allowance have mental or behavioural disorders. This is more than twice the size of the next largest group, namely those with musculo-skeletal disorders.

Out-of-work benefit levels

29A: The level of means-tested benefits, relative to earnings, for both pensioners and families with two or more children stopped increasing around 2003. The level of means-tested benefits for working-age adults without children continues to decline.

Level of Income Support/Jobseeker's Allowance/Pension Credit relative to average earnings, indexed to 1998 = 100

- Pensioner couple
- Couple, 2 children aged less than 11
- Couple, 1 child aged less than 11
- Couple, no children

Source: Benefit levels from DWP and earnings indices from ONS; UK

29B: Almost half of all adults in receipt of State benefits are of working age and do not have dependent children.

Couples with children 4%

Lone parents 12%

Pensioners 37%

Working-age without children 47%
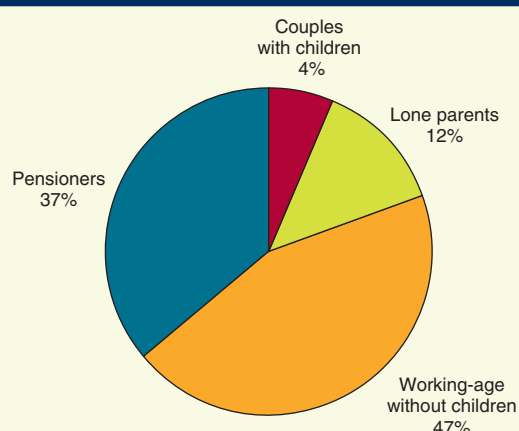
Source: Work and Pensions Longitudinal Study, DWP; the data is for February 2008; Great Britain

The first graph shows how the value of Income Support/Jobseeker's Allowance/Pension Credit has varied over time for selected family types. In each case, the base year is 1998, at which point the value of the benefits is set at 100. The subsequent figures are deflated by the growth in average earnings in each year, where the data source for the earnings data is the Office for National Statistics (ONS) Average Earnings Index, using the series which is seasonally adjusted. The selected family types are pensioner couples, couples with two children aged under 11, couples with one child aged under 11 and couples with no children. These family types were selected to best illustrate the differing trends over time. So, for example, single adults with no dependent children is not shown as it has followed similar trends to that for couples with no dependent children. No disability benefits have been included.

The second graph provides a breakdown of the recipients of one or more 'key out-of-work benefits', according to the reason why the person is in receipt of state benefits. 'Key out-of-work benefits' is a Department for Work and Pensions (DWP) term which covers the following benefits: Jobseeker's Allowance, Income Support, Incapacity Benefit, Severe Disablement Allowance, Carer's Allowance and Pension Credit. The data source is the DWP Work and Pensions Longitudinal Study. The data has been analysed to avoid double-counting of those receiving multiple benefits by matching data from individual samples. The data relates to Great Britain and is for February 2008.

Overall adequacy of the indicator: high. The statistics in the first graph are factual and those in other graphs are considered to be very reliable.

# Long-term working-age recipients of out-of-work benefits

30A: Three-quarters of working-age people receiving a key out-of-work benefit for two years or more are sick or disabled.
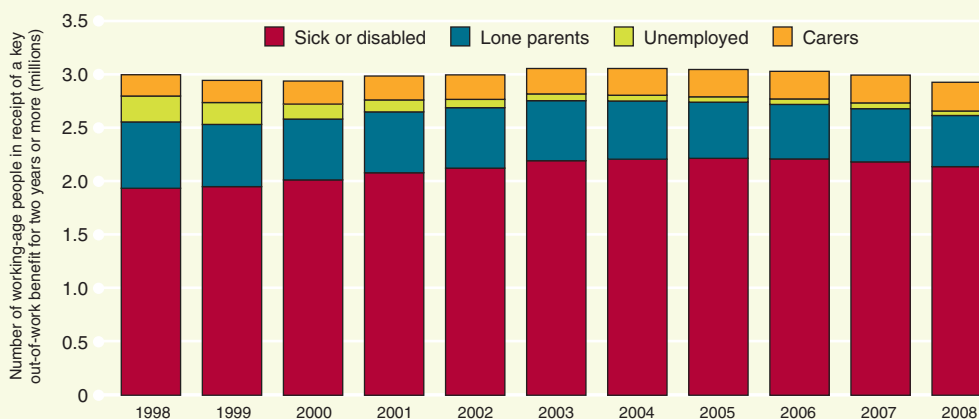
Source: Work and Pensions Longitudinal Study, DWP; Great Britain

30B: Two-fifths of all long-term claimants of Incapacity Benefit or Severe Disablement Allowance have mental or behaviour disorders.
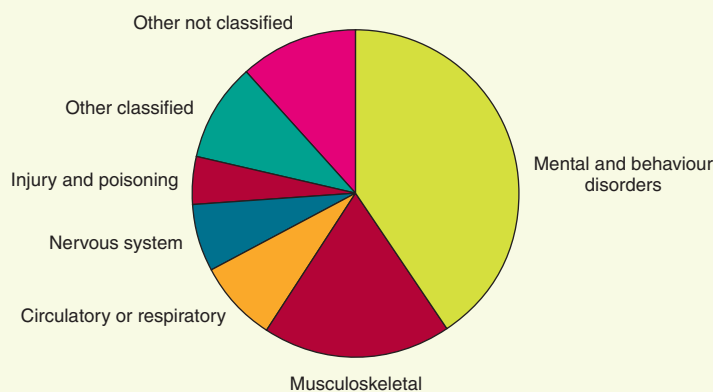
Source: Work and Pensions Longitudinal Study, DWP; the data is for February 2008; Great Britain

The first graph shows all those of working age who were in receipt of a 'key out-of-work benefit' for two years or more. 'Key out-of-work benefits' is a Department for Work and Pensions (DWP) term which covers the following benefits: Jobseeker's Allowance, Income Support, Incapacity Benefit, Severe Disablement Allowance, Carer's Allowance (and Pension Credit where age-applicable). Note that this list is slightly different from 'key benefits', which also include Disability Living Allowance. For each year, the total is broken down by type of claimant, noting that a small number of 'others' have been omitted from the graph.

As the majority of long-term claimants of key out-of-work benefits are sick or disabled, the second graph shows, for the latest year, a breakdown by reason for those who have either been in receipt of Incapacity Benefit for two years or more or are in receipt of Severe Disablement Allowance.

The data source for both graphs is the DWP Work and Pensions Longitudinal Study. The data relates to Great Britain and is for the month of February of each year. The data has been analysed to avoid double-counting of those receiving multiple benefits by matching data from individual samples.

Overall adequacy of the indicator: high. The data is thought to be very reliable and is based on information collected by the DWP for the administration of benefits.

Disadvantage in work

Choice of indicators

This theme explores three particular aspects of disadvantage in work, namely low pay, job insecurity and pay inequalities. For an analysis of a number of other aspects which are not in this report for space reasons, see *Monitoring poverty and social exclusion, 2007*.

31 Working-age low pay

In this indicator, as elsewhere, 'low pay' is defined as £7 an hour or less in 2007. The justification for using this threshold is twofold. First, at around 60 per cent of full-time male median hourly earnings, it is at a level commonly used in low pay research. Second, it is roughly what a two-earner couple, one full-time and one part-time, with two dependent children, would need to earn in order to have enough money (with child benefit and tax credits) to take them up to the low-income (poverty) line used elsewhere in this report. If, say, a threshold of £6.50 per hour or £7.50 per hour had been used instead, the findings in this section would still be similar.

The indicator shows the extent of low pay among men and women between the ages of 18 and retirement (equivalent data is not available for 16- and 17-year-olds). The first graph shows the proportion of male and female employees who were low paid each year since 1998 (the first year for which the data is available). Note that the low pay thresholds for earlier years have been obtained by scaling the £7 figure down in proportion to the rate at which average earnings changed over the corresponding period. The supporting graph shows the number of workers paid less than £7 per hour in 2007 by age group and industrial sector.

32 Insecure at work

This indicator looks at the two aspects of insecure employment. The first graph shows the proportion of men and women making a new claim for the unemployment benefit Jobseeker's Allowance who were last claiming this benefit less than six months ago. The inference drawn is that these people have been employed in the interim, but for a period of less than six months.

The second graph shows the likelihood that employees have received job-related training in the past three months, with the data broken down by their level of education. It therefore shows how one form of disadvantage (lack of qualifications) increases the likelihood of another (lack of training).

33 Pay inequalities

The final indicator in this theme looks at the difference between pay for men and women at the top and the bottom of the income scale. The first graph shows what has happened to full-time pay for men and women at both the top (represented by the 90th percentile) and the bottom (the 10th percentile) of the pay scale each year over the last decade. Pay here is expressed as a proportion of **male** median full-time earnings for the year in question.

The supporting graph shows the proportion of employees, separately for men and women and full- and part-time, who are paid less than £7 an hour, between £7 and £10 an hour, and more than £10 an hour.

What the indicators show

31 Working-age low pay

The number of employees aged 18 and over who were low paid fell between 2001 and 2005 but has not fallen since. In 2007, four million women – and two million men – were paid less than £7 per hour.

Much of the low pay in the hotels & restaurants and retail & wholesale sectors is in the younger age groups. By contrast, low pay in the public sector is spread throughout the age range.

32 Insecure at work

Almost half of the men and a third of the women making a new claim for Jobseeker's Allowance were last claiming less than six months ago. These proportions are similar to a decade ago.

The fewer qualifications a person has, the less likely they are to receive job-related training.
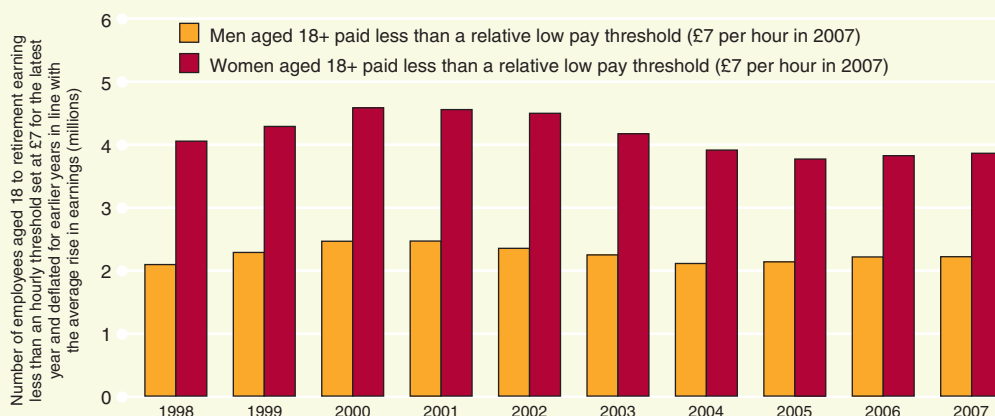
33 Pay inequalities

Pay inequalities between men and women have reduced at the bottom but not at the top, where men and women have both moved further away from the average.

Almost half of all male part-time workers are paid less than £7 per hour, the same proportion as for female part-timers.
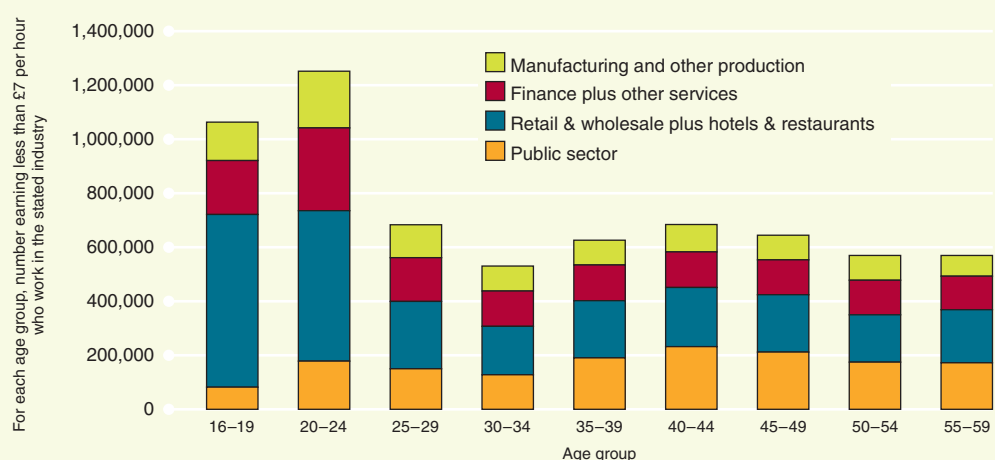
Working-age low pay

31A: The number of employees aged 18 and over who were low paid fell between 2001 and 2005 but has not fallen since. In 2007, 4 million women – and 2 million men – were paid less than £7 per hour.

Number of employees aged 18 to retirement earning less than an hourly threshold set at £7 for the latest year and deflated for earlier years in line with the average rise in earnings (millions)

- Men aged 18+ paid less than a relative low pay threshold (£7 per hour in 2007)
- Women aged 18+ paid less than a relative low pay threshold (£7 per hour in 2007)

Source: NPI calculations based on ONS estimates; UK

31B: Much of the low pay in the hotels & restaurants and retail & wholesale sectors is in the younger age groups. By contrast, low pay in the public sector is spread throughout the age range.

For each age group, number earning less than £7 per hour who work in the stated industry

- Manufacturing and other production
- Finance plus other services
- Retail & wholesale plus hotels & restaurants
- Public sector

Age group

Source: Labour Force Survey, ONS; the data is for 2007; UK

The first graph shows the estimated number of employees aged 18 to retirement who were paid below an hourly pay threshold that rises in line with average earnings and reaches £7 in 2007. It is therefore £4.82 in 1998, £5.04 in 1999, £5.32 in 2000, £5.57 in 2001, £5.74 in 2002, £5.93 in 2003, £6.17 in 2004, £6.45 in 2005, £6.70 in 2006 and £7 in 2007. The data is shown separately for men and women. No data is available for years before 1998 and the available data only distinguishes between the 18–21 and 22+ age groups. The figures are from published Office for National Statistics (ONS) statistics which were themselves derived from a combination of data from the Labour Force Survey (LFS) and Annual Survey of Hours and Earnings (ASHE), with adjustments by the ONS.
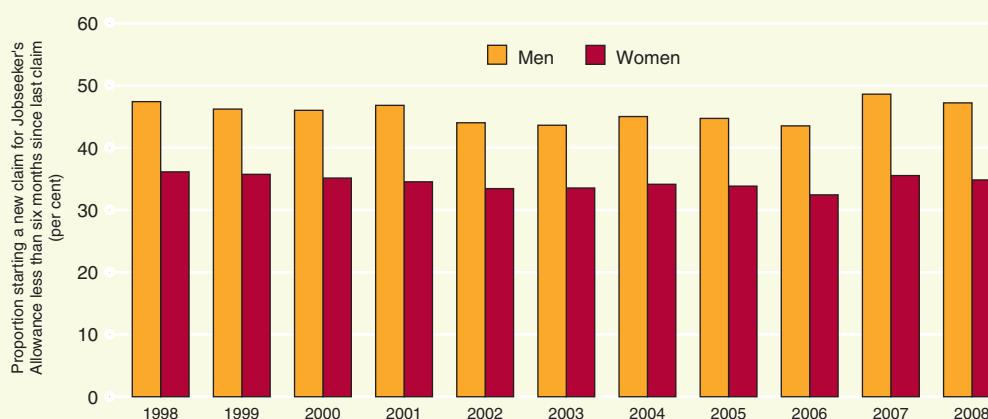
The second graph shows the number of workers paid less than £7 per hour by age group and industrial sector. Some of the sectors have been combined together for presentational purposes with the particular sectors shown being manufacturing and other production (A–F); wholesale & retail and hotels & restaurants (G–H); public administration, education & health (L–N); and finance and other services (I–K & O–Q). The data source is LFS. The data is for 2007 and relates to the United Kingdom. People whose hourly pay rates cannot be calculated from the survey data have been excluded from the analysis.

Overall adequacy of the indicator: medium. The LFS and ASHE are well-established government surveys, designed to be representative of the population as a whole. However, the ONS methods for combining and adjusting the data are not available for public scrutiny, and the underlying dataset itself is not publicly available.
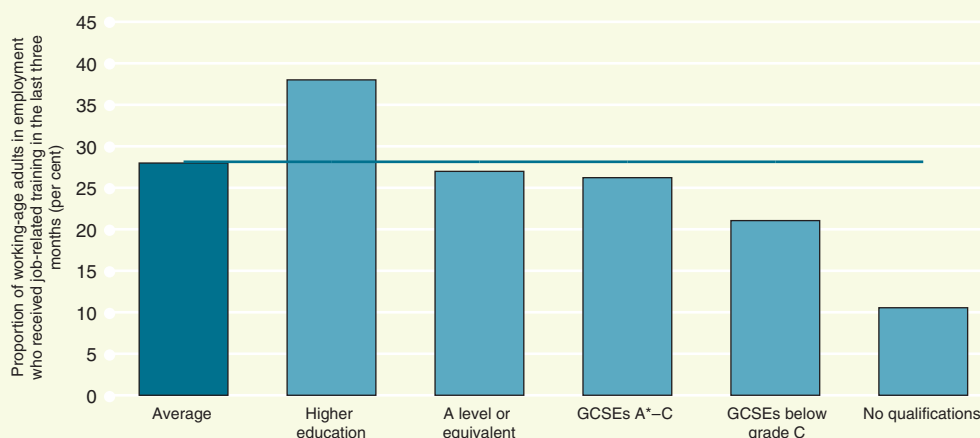
Insecure at work

32A: Almost half of the men, and a third of the women, making a new claim for Jobseeker's Allowance were last claiming less than six months ago. These proportions are similar to a decade ago.

Proportion starting a new claim for Jobseeker's Allowance less than six months since last claim (per cent)

Men   Women

1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008

Source: JUVOS Cohort, first quarters of each year, ONS; Great Britain

32B: The fewer qualifications a person has, the less likely they are to receive job-related training.

Proportion of working-age adults in employment who received job-related training in the last three months (per cent)

Average | Higher education | A level or equivalent | GCSEs A*–C | GCSEs below grade C | No qualifications

Source: Labour Force Survey, ONS; the data is for the average for 2005 to 2007; UK

The first graph shows the probability that someone who makes a new claim for Jobseeker's Allowance was last claiming that benefit less than six months previously. This is effectively the same as the proportion of people finding work who then lose that work within six months. Figures are shown separately for men and women. The data relates to Great Britain and, for each year, is taken from the first quarter of the Joint Unemployment and Vacancies Operating System (JUVOS) cohort.

The second graph shows the proportion of employees who have received some job-related training, with the data broken down by employees' highest qualification. The training includes that paid for by employers and by employees themselves. The qualifications include both academic and vocational qualifications and both current qualifications (e.g. GCSEs) and qualifications which have been awarded in the past (e.g. O levels). Department for Children, Schools and Families equivalence scales have been used to translate vocational qualifications into their academic equivalents.

The data source for both graphs is the Labour Force Survey (LFS) and relates to the United Kingdom. The figures for each year are the average for the four quarters of the relevant year.
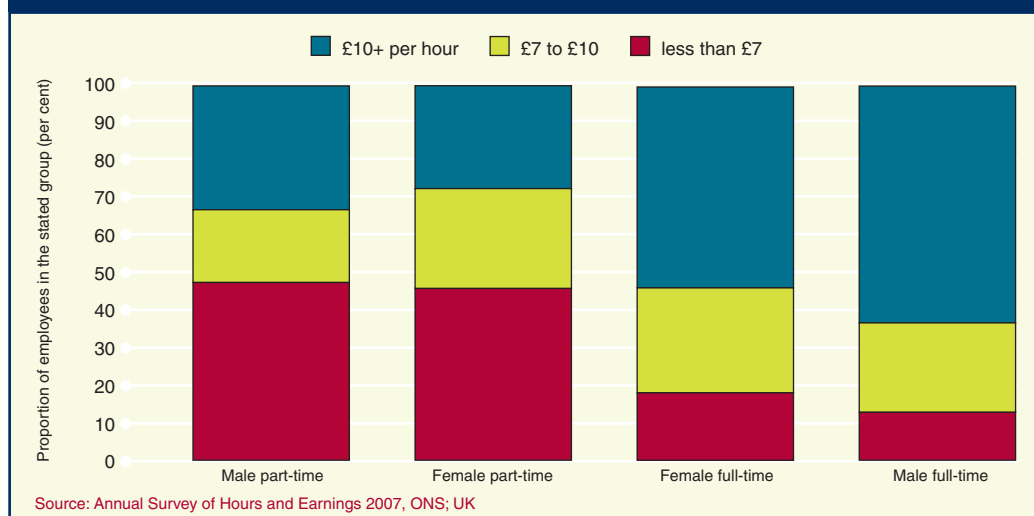
Overall adequacy of the indicator: high. Note, however, that while the claimant count data is sound, the narrow definition of unemployment that it represents means that it understates the extent of short-term working interspersed with spells of joblessness.

Pay inequalities

33A: Pay inequalities between men and women have reduced at the bottom but not at the top.

Men 90th percentile (RH axis)

Women 90th percentile (RH axis)

Men 10th percentile (LH axis)

Women 10th percentile (LH axis)

Earnings at the 10th percentile of full-time employees as a percentage of the male median (per cent)

Earnings at the 90th percentile of full-time employees as a percentage of the male median (per cent)

Source: Annual Survey of Hours and Earnings, ONS; UK

33B: Almost half of all part-time workers – both men and women – are paid less than £7 per hour.

- £10+ per hour
- £7 to £10
- less than £7

Proportion of employees in the stated group (per cent)

Male part-time   Female part-time   Female full-time   Male full-time

Source: Annual Survey of Hours and Earnings 2007, ONS; UK

The first graph focuses on pay differentials. It shows gross hourly pay for: full-time male employees at the 10th percentile (i.e. the pay of men one tenth of the way from the bottom of the male pay distribution); full-time female employees at the 10th percentile (i.e. the pay of women one tenth of the way from the bottom of the female pay distribution); full-time male employees at the 90th percentile (i.e. the pay of men one tenth of the way from the top of the male pay distribution); and full-time female employees at the 90th percentile (i.e. the pay of women one tenth of the way from the top of the female pay distribution). In each case, the statistics are shown as a proportion of average (median) hourly pay of full-time male employees thus providing a measure of earnings inequalities. The left-hand axis shows proportions at the 10th percentile and the right hand axis shows the proportion at the 90th percentile.

The second graph shows, for the latest year, the distribution of employees across the pay spectrum with the data shown separately for part-time women, part-time men, full-time women and full-time men.

The data source for both graphs is the Annual Survey of Hours and Earnings (ASHE) and the data relates to the United Kingdom. The proportions have been calculated from the hourly rates at each decile using interpolation to estimate the consequent proportion earning in each of the pay groups. Some detailed changes were made to the ASHE survey base in 2004 and an adjustment has been made for this.

Overall adequacy of the indicator: high. ASHE is a large annual survey of employers.

Health and well-being

Choice of indicators

34 Premature deaths

In principle, statistics on death belong in a report like this only insofar as they reflect differences in death rates that are connected to levels of income or class, or a proxy for them. The problem with this, however, is that such statistics are simply not available on a timely basis, at least in England. Given the importance of the subject, and the fact that the underlying data exists within government, this is a remarkable gap.

In this context, this indicator concerns the rate of premature death (we prefer such a measure to the more commonly used 'life expectancy' since, unlike life expectancy, it is factual data rather than a mathematical construct). The first graph shows the overall rate of premature death, expressed as the number of deaths among those aged under 65 as a proportion of the total population in that age group. These rates are shown for men and women separately and for each year from over the last decade. The supporting graph shows the proportion of men aged 25 to 64 dying from the major causes of death, with the data shown separately by social class. The data is for 2003 only (published by the government in 2008) and for men only (no equivalent data is available for women).

35 Working-age long-standing illness/disability

This indicator shows the principal statistic on morbidity, namely the proportion of people age 45 to 64 who report that they are suffering from a limiting long-standing illness or disability. The first graph shows these proportions, for men and women separately, for each year (for which data is available) over the last decade. The supporting graph shows how these proportions vary according to the level of household income.

36 Mental health

This indicator is concerned with mental health and uses health survey data for England which includes an assessment of whether a person is at risk of developing a mental illness. The first graph shows this proportion, separately for working-age men and women, for each year over the last decade. The supporting graph shows how these proportions, again for working-age men and women separately, vary according to the level of household income.

What the indicators show

34 Premature deaths

The rate of premature death has fallen by a sixth over the last decade. It is, however, still one-and-a-half times as high among men as among women.

For all major causes, death rates for men aged 25 to 64 are 50–100 per cent higher among those from manual backgrounds than among those from non-manual backgrounds.

35 Working-age long-standing illness/disability

A quarter of adults aged 45–64 report a long-standing illness or disability which limits their activity.

Two-fifths of all adults aged 45–64 on below-average incomes have a limiting long-standing illness or disability, twice the rate for those on average incomes and three times the rate for those on high incomes.
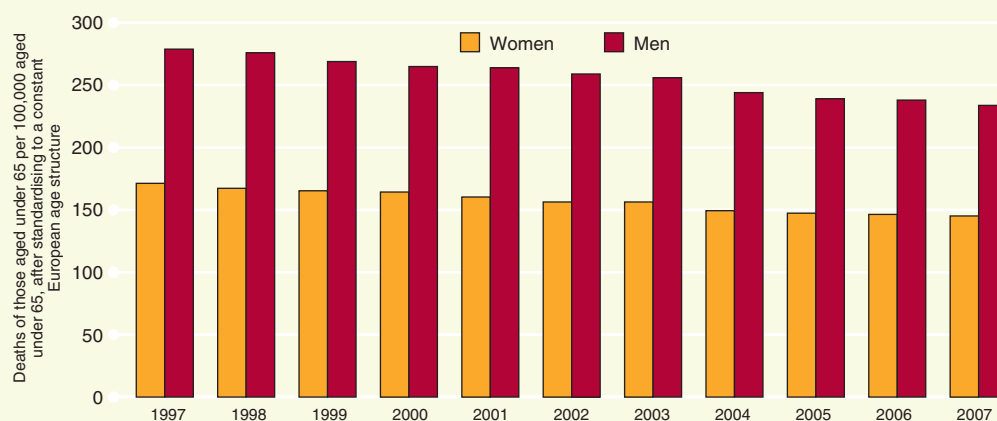
36 Mental health

The proportion of working-age people who are deemed to be at a high risk of developing a mental illness is somewhat lower than a decade ago. Women are more at risk than men.

Adults in the poorest fifth are much more likely to be at risk of developing a mental illness than those on average incomes. The differences by income are greater for men than for women.
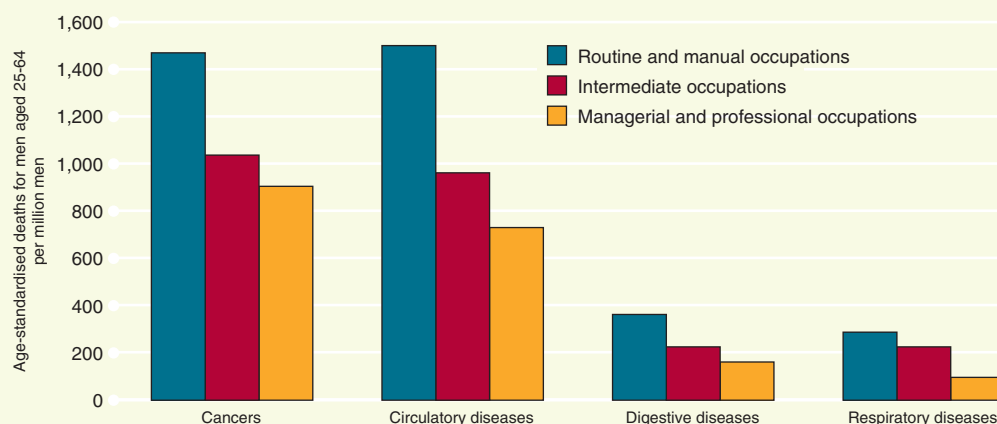
Premature deaths

34A: The rate of premature death has fallen by a sixth over the last decade. It is, however, still one-and-a-half times as high among men as among women.

Deaths of those aged under 65 per 100,000 aged under 65, after standardising to a constant European age structure

Women   Men

Source: General Register Office for Scotland and Mortality Statistics Division, ONS; Great Britain

34B: For all major causes, death rates for men aged 25 to 64 are 50–100 per cent higher among those from manual backgrounds as those from non-manual backgrounds.

Age-standardised deaths for men aged 25-64 per million men

Routine and manual occupations
Intermediate occupations
Managerial and professional occupations

Cancers   Circulatory diseases   Digestive diseases   Respiratory diseases

Source: Health Statistics Quarterly 39, ONS; the data is the average for 2001 to 2003 (first published in 2008); England and Wales

The first graph shows the number of deaths of people aged under 65 per 100,000 population aged under 65, with the data shown separately for males and females. The data source is the General Register Office (Scotland) and Mortality Statistics Division, Office of National Statistics (ONS) (England and Wales) and the data relates to Great Britain. All data has been standardised to a constant European age structure.

The second graph shows the proportion of men aged 25 to 64 dying from the major causes of death, with the data shown separately by social class. The data is for 2003 only (published by the government in 2008) and for men only (no equivalent data is available for women). The data source is Health Statistics Quarterly 39, published by ONS, and covers England and Wales.

Overall adequacy of the indicator: high. The underlying data are deaths organised according to the local authority area of residence of the deceased by the ONS in England and Wales and by the Registrar General for Scotland.
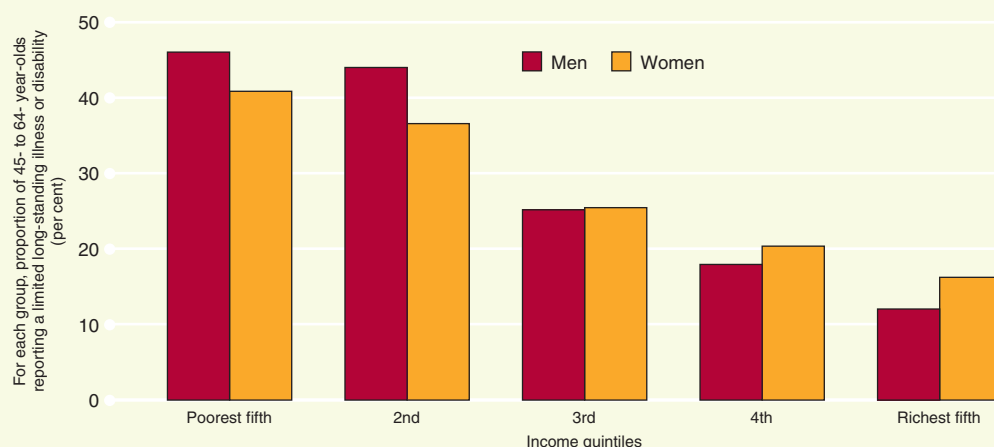
Working-age long-standing illness/disability

35A: A quarter of adults aged 45–64 report a long-standing illness or disability which limits their activity.

Source: General Household Survey, ONS; Great Britain

35B: Two-fifths of all adults aged 45–64 on below-average incomes have a limiting long-standing illness or disability, more than twice the rate for those on above-average incomes.

Source: General Household Survey, ONS; the data is the average for the three years to 2006; Great Britain

The first graph shows the proportion of adults aged 45 to 64 who report having a long-term illness or a disability that limits the activities they are able to carry out. The data is shown separately for men and women.

The second graph shows how the proportions vary by household income. Again, the data is shown separately for men and women. Note that the household incomes have been 'equivalised' (adjusted) for household size and composition.
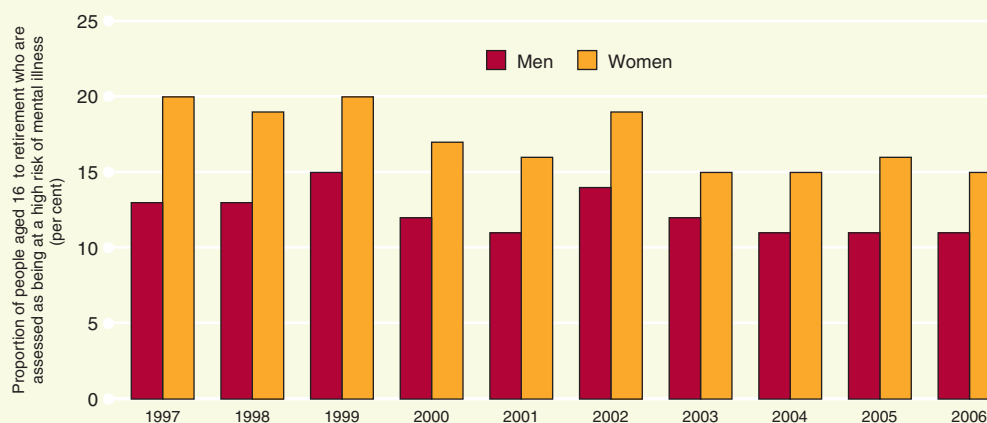
The data for both graphs is from the General Household Survey (GHS) and relates to Great Britain. The question asked was 'Do you have any long-standing illness, disability or infirmity? Long-standing is anything that has troubled you over a period of time or that is likely to affect you over a period of time. Does this illness or disability limit your activities in any way?' Note that GHS moved from financial years to calendar years in 2005. Also, note that the data for 1997/98 and 1999/2000 is missing because the GHS was not carried out in those years.

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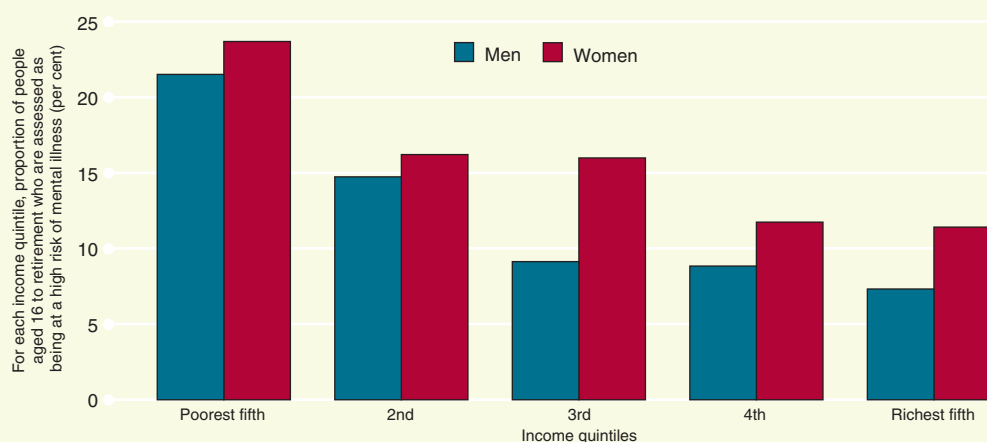
Mental health

36A: The proportion of working-age people who are deemed to be at a high risk of developing a mental illness is somewhat lower than a decade ago. Women are more at risk than men.

Proportion of people aged 16 to retirement who are assessed as being at a high risk of mental illness (per cent)

■ Men ■ Women

Source: Health Survey for England, DH; England

36B: Adults in the poorest fifth are much more likely to be at risk of developing a mental illness than those on average incomes. The differences by income are greater for men than for women.

For each income quintile, proportion of people aged 16 to retirement who are assessed as being at a high risk of mental illness (per cent)

■ Men ■ Women

Income quintiles

Source: Health Survey for England, DH; the data is the average for 2004 to 2006; England

The first graph shows the proportion of people aged 16 to retirement who are classified as being at high risk of developing a mental illness, with the data shown separately for men and women. A high risk of mental illness is determined by asking informants a number of questions about general levels of happiness, depression, anxiety and sleep disturbance over the previous four weeks, which are designed to detect possible psychiatric morbidity. A score is constructed from the responses, and the figures published show those with a score of four or more. This is referred to as a 'high General Health Questionnaire (GHQ) 12 score'. 'Working-age people' is defined as everyone aged between 16 and 59/64.

The second graph shows how the proportions vary by household income, with the data shown separately for men and women. The division into income quintiles is based on gross incomes after adjustment – 'equivalisation' – for household size and composition.

The data source for both graphs is the Health Survey for England (HSE) and relates to England only. Note that the data from 2003 onwards is weighted whereas the earlier data is unweighted.

Overall adequacy of the indicator: medium. While the HSE is a large survey which is designed to be representative of the population in England as a whole, the data only allows a partial analysis of mental health.

Chapter 5 **Older people**

Economic circumstances

Choice of indicators

37 Pensioners in low-income households

This indicator provides information on the degree to which different groups of pensioners have low incomes. The first graph shows these proportions for single pensioners and pensioner couples for each year since the mid-1990s. It uses the same low-income threshold used elsewhere in this report, namely households with incomes after deducting housing costs which are less than 60 per cent of the UK median.

Because many older people own their homes outright, they often have very low housing costs. Such people, even if not in low income using the after deducting housing costs measure, are sometimes in low income using the alternative before deducting housing costs measure. This issue is explored in the second graph which compares the proportions of single pensioners, pensioner couples and non-pensioners who are in low-income households using both the after and before deducting housing cost measures.

38 Non-take-up of benefits

This indicator shows the proportion of pensioners who are entitled to, but not claiming, key means-tested benefits, namely Pension Credit, Housing Benefit and Council Tax Benefit. The first graph shows these proportions for each year over the last decade while the second reports them separately by housing tenure.

What the indicators show

37 Pensioners in low-income households

The proportion of single pensioners in low-income households has halved over the last decade, with smaller falls for pensioner couples.

After deducting housing costs, pensioners are much less likely to be in low income than non-pensioners. Before deducting housing costs, however, pensioners are much more likely to be in low income than non-pensioners.

38 Non-take-up of benefits

Around 40 per cent of pensioner households entitled to Council Tax Benefit and Pension Credit are not claiming them, up by about a third compared with a decade ago.
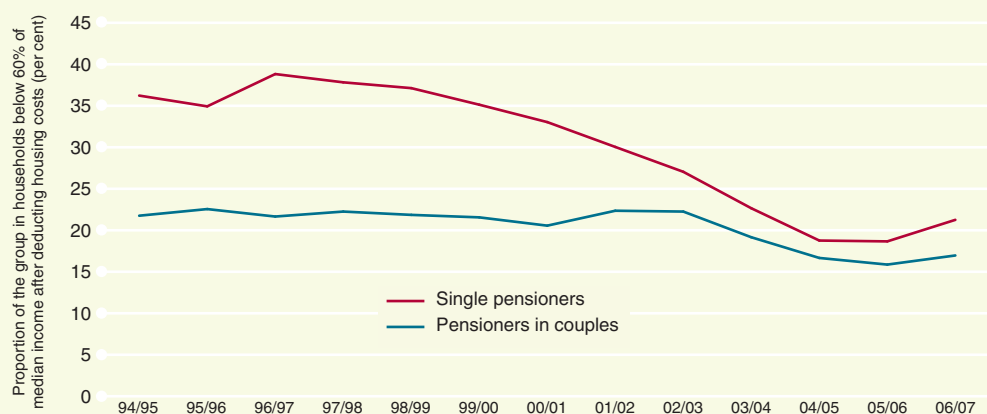
Half of the owner-occupiers entitled to Pension Credit are not claiming it, a much higher proportion than for those in other tenures.
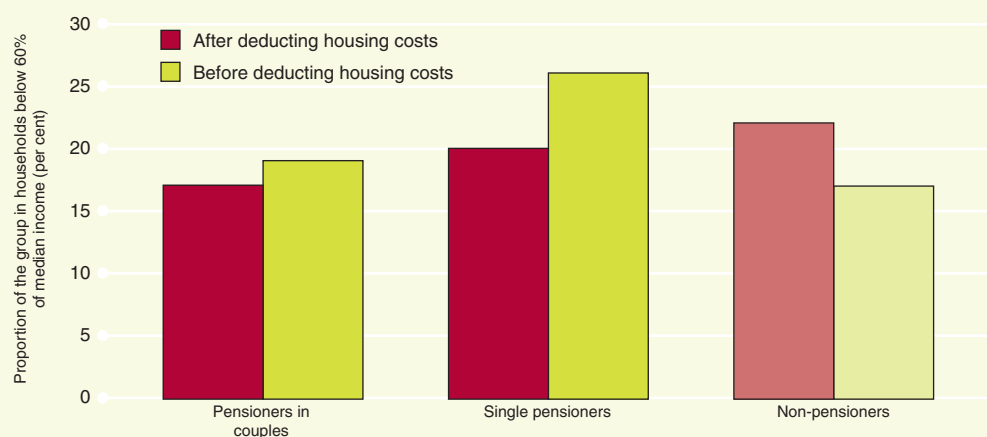
Pensioners in low-income households

37A: The proportion of single pensioners in low-income households has halved over the last decade, with smaller falls for pensioner couples.

Proportion of the group in households below 60% of median income after deducting housing costs (per cent)

— Single pensioners
— Pensioners in couples

Source: Households Below Average Income, DWP; UK

37B: After deducting housing costs, pensioners are much less likely to be in low income than non-pensioners. Before deducting housing costs, however, pensioners are much more likely to be in low income than non-pensioners.

Proportion of the group in households below 60% of median income (per cent)

■ After deducting housing costs
■ Before deducting housing costs

Pensioners in couples — Single pensioners — Non-pensioners

Source: Households Below Average Income, DWP; the data is the average for 2004/05 to 2006/07; UK

The first graph shows the risk of a pensioner being in a low-income household, with the data shown separately for single pensioners and pensioner couples.

Because many older people own their homes outright, they often have very low housing costs. Such people, even if not in low income using the after deducting housing costs measure, are sometimes in low income using the alternative before deducting housing costs measure. This issue is explored in the second graph which compares the proportions of single pensioners, pensioner couples and non-pensioners who are in low-income households using both the after and before deducting housing cost measures.
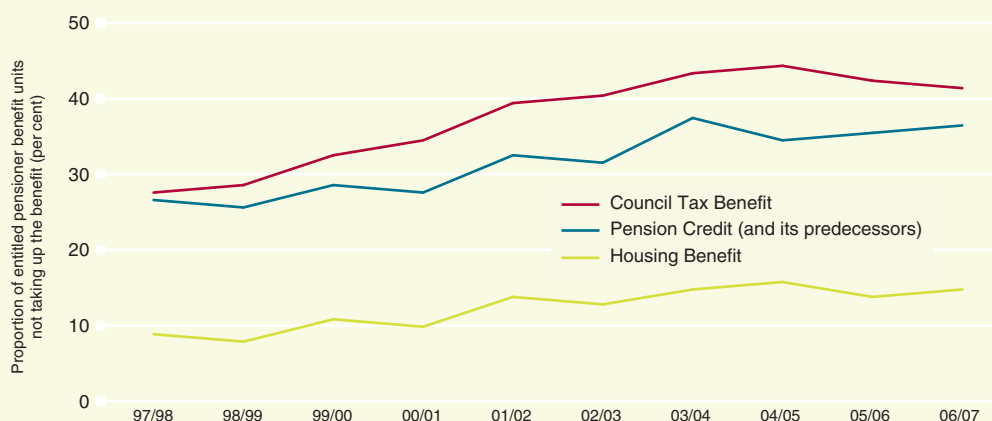
The data source for both graphs is Households Below Average Income (HBAI), based on the Family Resources Survey (FRS). For 2002/03 onwards, the data relates to the United Kingdom while the data for earlier years is for Great Britain (FRS did not cover Northern Ireland until 2002/03). Income is disposable household income after deducting housing costs and the low-income threshold is the same as that used elsewhere, namely 60 per cent of contemporary median household income. The data is equivalised (adjusted) to account for differences in household size and composition.

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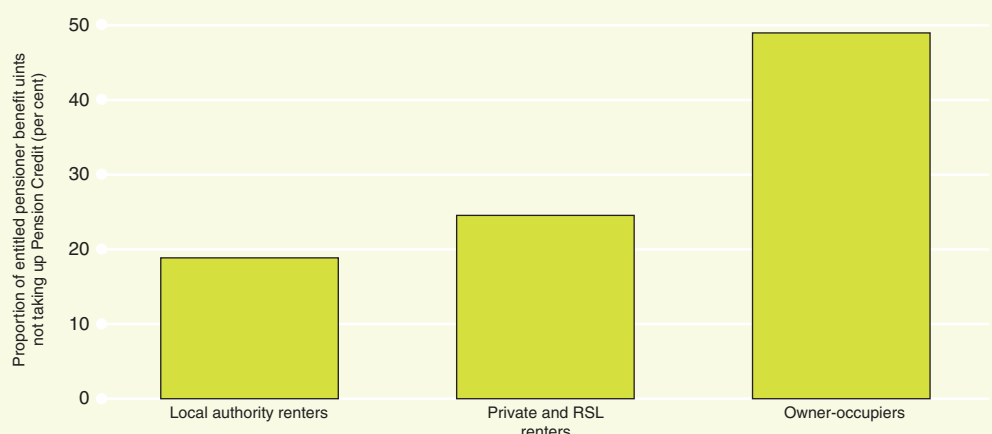
Non-take-up of benefits

38A: Around two-fifths of pensioner households entitled to Council Tax Benefit and Pension Credit are not claiming them. These are much higher proportions than a decade ago.

Council Tax Benefit
Pension Credit (and its predecessors)
Housing Benefit

Proportion of entitled pensioner benefit units not taking up the benefit (per cent)

Source: Income Related Benefits Estimates of Take-Up, DWP; Great Britain

38B: Half of the owner occupiers entitled to Pension Credit are not claiming it, a much higher proportion than for those in other tenures.

Proportion of entitled pensioner benefit units not taking up Pension Credit (per cent)

Local authority renters   Private and RSL renters   Owner-occupiers

Source: Pension Credit Estimates of Take-up, DWP; the data is the average of 2004/05 to 2006/07; Great Britain

The first graph shows, for a number of selected benefits, the estimated proportion of pensioner households entitled to the benefit who are not taking up their entitlement. The benefits shown are the three major benefits of older people, namely Council Tax Benefit, Pension Credit (and its predecessors) and Housing Benefit. In each case, the estimates are the averages for low-end and high-end estimates published by the Department for Work and Pensions (DWP).

The second graph shows the estimated proportion of pensioner households in each housing tenure who are entitled to the Pension Credit but are not taking up their entitlement. Note that the data groups households renting from registered social landlords with private renters rather than with those renting from local authorities. Also note that data by tenure is not available for either Housing Benefit or Council Tax Benefit.

The data source for both graphs is the *Income-related benefits: estimates of take-up* series published by DWP. The data relates to Great Britain. Note that, in all the graphs, the figures shown are the mid-points of quite wide range estimates, so the figures for any particular benefit in any particular year are subject to considerable uncertainty.

Overall adequacy of the indicator: medium. The figures are estimates only, based on the modelling of data from surveys such as the Family Resources Survey (FRS).

Health and well-being

Choice of indicators

Quality of life is an important aspect of social exclusion for older people and, within this, health and well-being is an important aspect of quality of life. In this context, this theme focuses on two areas of health and well-being, namely long-standing illness/disability and anxiety.

39 Older age long-standing illness/disability

This indicator relates to overall morbidity. The first graph shows the proportions reporting that they suffer from a limiting long-standing illness or disability, separately for those under and over age 75, for each year (for which data is available) since 1996/97. The second graph, again comparing those under 75 with those over, shows how these proportions vary by level of household income.

40 Anxiety

This indicator touches on an important aspect of exclusion, namely, the extent to which people feel unsafe when outside their home. The two graphs are closely related. The first shows the proportions of both men and women aged 60 and over who report feeling very unsafe walking alone at night, the figures being for each year of the last decade. The second shows the differences by both gender and household income.

What the indicators show

39 Older age long-standing illness/disability

A third of adults aged 65–74, and half of adults aged 75 and over, report a limiting long-standing sickness or disability. Both proportions are similar to a decade ago.

For those aged 65–74, the proportion with a limiting long-standing illness or disability increases as income decreases. The differences by income are less for those aged 75 and over.

40 Anxiety

Among those aged 60 or over, women are around four times as likely to feel very unsafe out at night as men.

Among women aged 60 and over, those from lower income households are one-and-a-half times as likely to feel very unsafe out at night as those from higher income households.
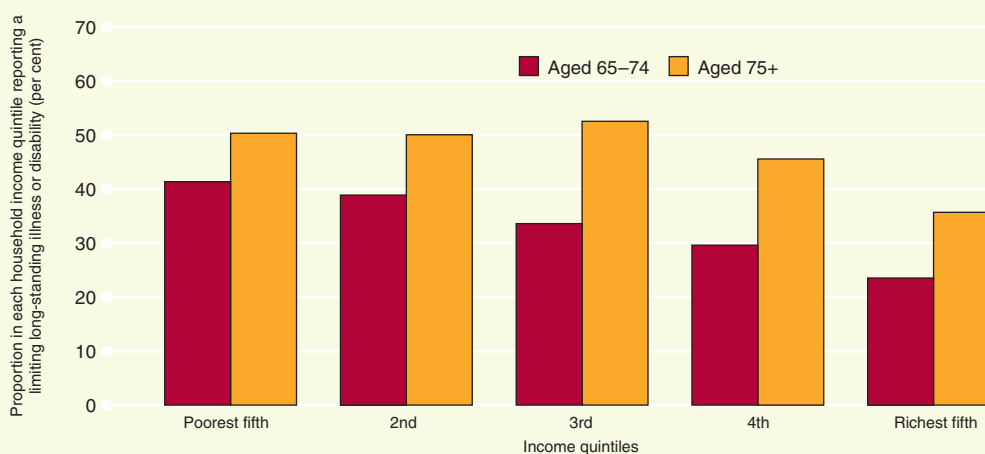
Older age long-standing illness/disability

39A: A third of adults aged 65–74, and half of adults aged 75 and over, report a limiting long-standing sickness or disability. Both proportions are similar to a decade ago.
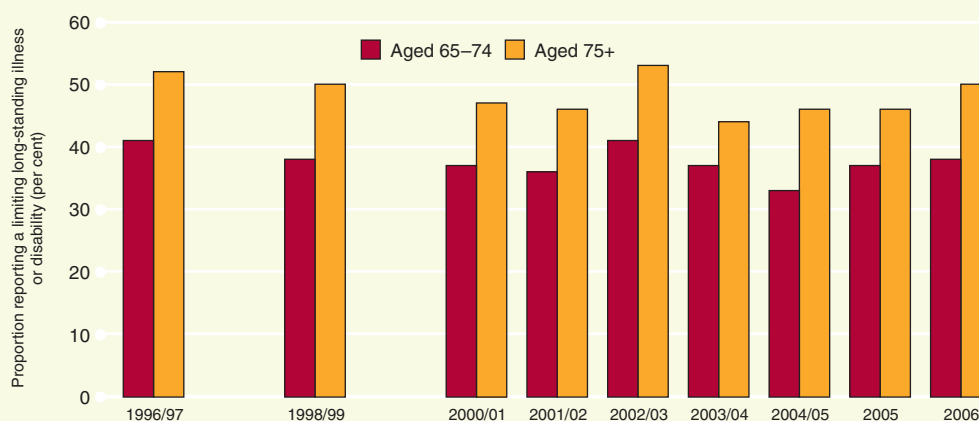
Source: General Household Survey, ONS; Great Britain

39B: For those aged 65–74, the proportion with a limiting long-standing illness or disability increases as income decreases. The differences by income are less for those aged 75 and over.

Source: General Household Survey, ONS; the data is the average for the three years to 2006; Great Britain
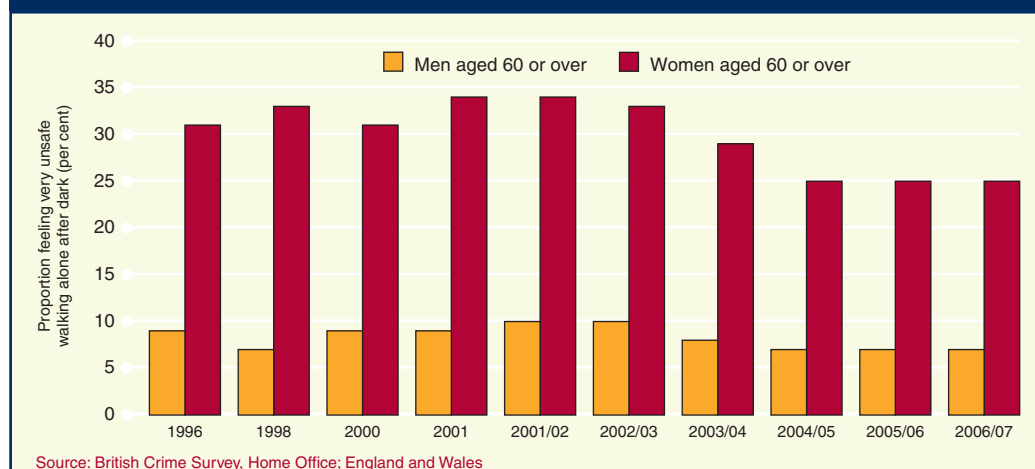
The first graph shows the proportion of people aged 65 and over who report having a long-standing illness or a disability that limits the activities they are able to carry out. The data is shown separately for those aged 65–74 and those aged 75+.

The second graph shows how the proportions vary by household income. Again, the data is shown separately for those aged 65–74 and those aged 75+. Note that the household incomes have been 'equivalised' (adjusted) for household size and composition.

The data for both graphs is from the General Household Survey (GHS) and relates to Great Britain. The question asked was 'Do you have any long-standing illness, disability or infirmity? Long-standing is anything that has troubled you over a period of time or that is likely to affect you over a period of time. Does this illness or disability limit your activities in any way?' Note that GHS moved from financial years to calendar years in 2005. Also, note that the data for 1997/98 and 1999/2000 is missing because the GHS was not carried out in those years.
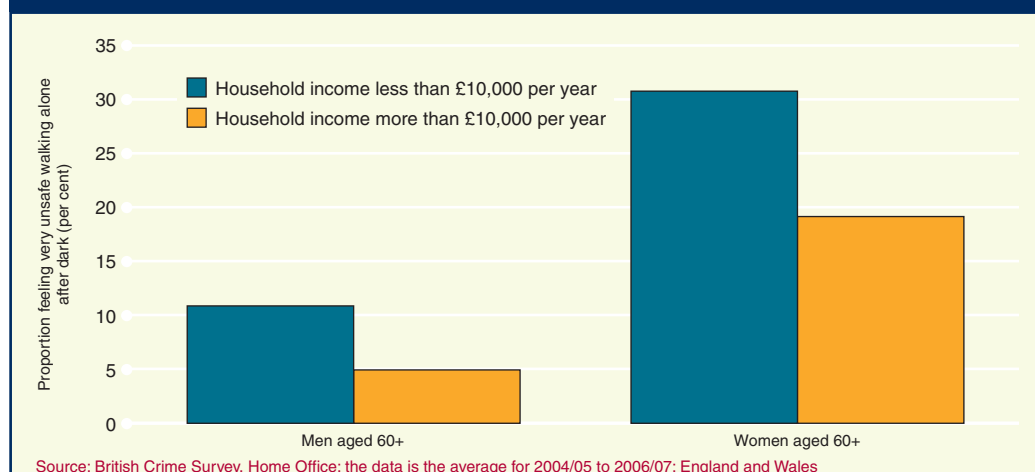
Overall adequacy of the indicator: medium. While the GHS is a well-established government survey designed to be representative of the population as a whole, the inevitable variation in what respondents understand and interpret as 'long-standing' and 'limiting activity', diminishes the value of the indicator.

Anxiety

40A: Among those aged 60 or over, around a quarter of women feel very unsafe out at night, four times the proportion of men.

Proportion feeling very unsafe walking alone after dark (per cent)

■ Men aged 60 or over   ■ Women aged 60 or over

Source: British Crime Survey, Home Office; England and Wales

40B: Among women aged 60 and over, those from lower income households are one-and-a-half times as likely to feel very unsafe out at night as those from higher income households.

Proportion feeling very unsafe walking alone after dark (per cent)

■ Household income less than £10,000 per year
■ Household income more than £10,000 per year

Men aged 60+   Women aged 60+

Source: British Crime Survey, Home Office; the data is the average for 2004/05 to 2006/07; England and Wales

The first graph shows the proportion of people aged 60 or over who say that they feel very unsafe walking alone in their area after dark, with the data shown separately for men and women.

The second graph shows, for the latest year, a breakdown of the statistics according to whether the people lived in households with an annual income of more or less than £10,000.

The data source for both graphs is the British Crime Survey (BCS) and the data relates to England and Wales. Note that there is no BCS survey data for either 1997 or 1999.

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

Access to services

Choice of indicators

Tangible, regular data on social exclusion among older people is very limited. In this context, this theme focuses on two subjects for which such data is available, namely help to live at home and ability to travel.

41 Help to live at home

This indicator looks at the number of people aged 75 or over who receive home care from their local authority. The first graph shows the proportion helped each year since 1994, with a division in later years between those receiving intensive help and those receiving non-intensive help only. The supporting graph shows how the proportion helped to live at home varies for different types of local authorities, ranging from county councils to inner London boroughs.

42 Ability to travel

This indicator relates to people's ability to travel. The first graph shows, for each year over the last decade, the extent to which people without cars in the household undertake fewer journeys of any form (including walking) than those with cars in the household. Single pensioners are the least likely family type to own a car. In this context, the second graph shows the proportion of people without cars by family type, ranging from working-age couples with children to single pensioners.

What the indicators show

41 Help to live at home

The proportion of older people receiving home care has almost halved since 1994 as available resources are increasingly focused on those deemed most in need.

On average, English county councils support fewer older people to live independently at home than urban authorities.

42 Ability to travel

People in households without a car make fewer than half the number of journeys as those with a car.
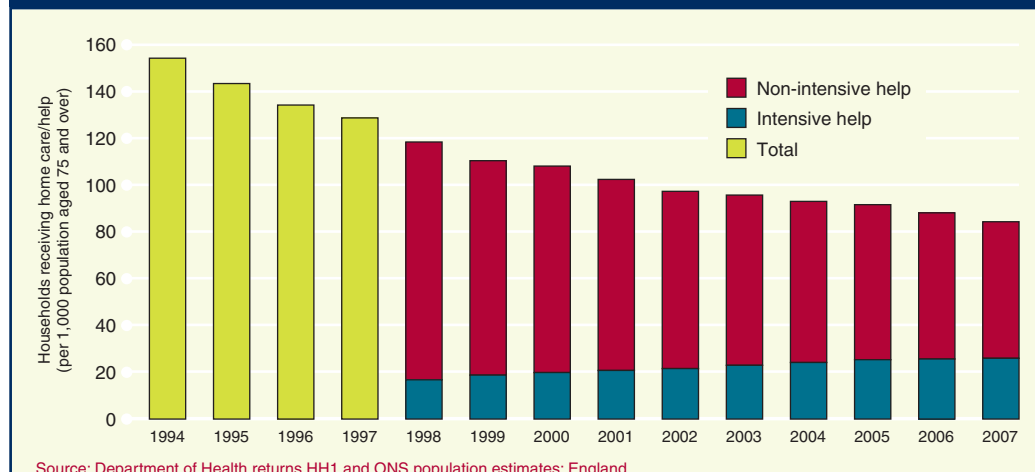
Just about all couples have a car but many singles do not, this proportion rising to two-thirds for single pensioners.
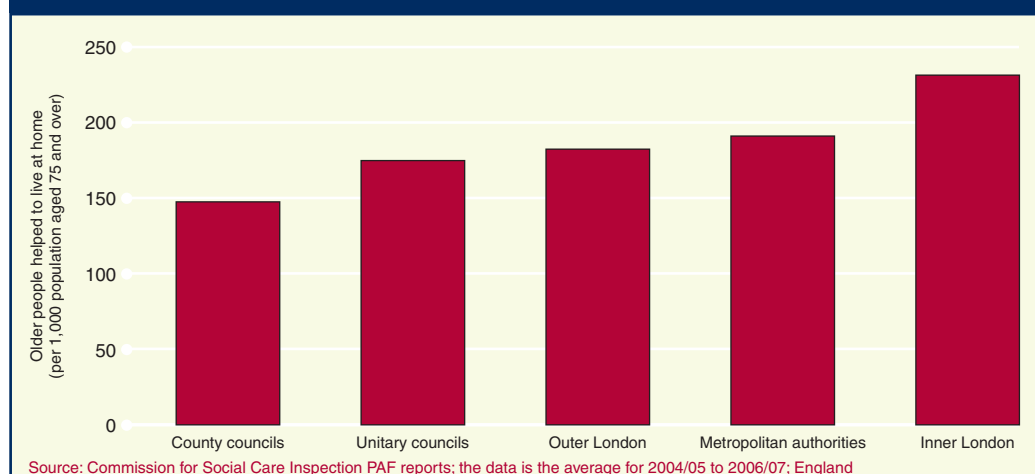
Help to live at home

41A: The proportion of older people receiving home care has almost halved since 1994 as available resources are increasingly focused on those deemed most in need.

Source: Department of Health returns HH1 and ONS population estimates; England

41B: On average, English county councils support fewer older people to live independently at home than urban authorities.

Source: Commission for Social Care Inspection PAF reports; the data is the average for 2004/05 to 2006/07; England

The first graph shows the number of households receiving home help/care from their local authority. The data is expressed per 1,000 population aged 75 and over on the grounds that the majority of people receiving home help/care are in this age group. From 1998 onwards, the data is shown separately for those receiving intensive help (more than ten hours per week or six or more visits) but this division is not available for the earlier years. The data source is the Department of Health HH1 returns, with the data obtained via the *Community care statistics* publications. The data relates to England. Note that data is collected in a sample week in autumn of the year stated and divided by the estimated population at 30 June in the same year. Also note that the data for 1999 and earlier has been adjusted slightly for an estimated level of double counting in the data.

The second graph shows how the proportion of people being helped to live at home varies by type of authority. Note that 'being helped to live at home' is a wider measure than the 'receiving home help/care' in the first graph as it includes meals-on-wheels, day care and so on. The data source is the Commission for Social Care Inspection (CSCI) performance assessment framework (PAF) reports. The data relates to England.

Overall adequacy of the indicator: limited. The underlying data has been collected for a number of years and can be considered reliable. However, 'receiving home help/care' is only one possible measure. Furthermore, comparisons between local authorities have to be qualified by the fact that statistics ought ideally to be measured in relation to need and levels of support from friends and relatives.
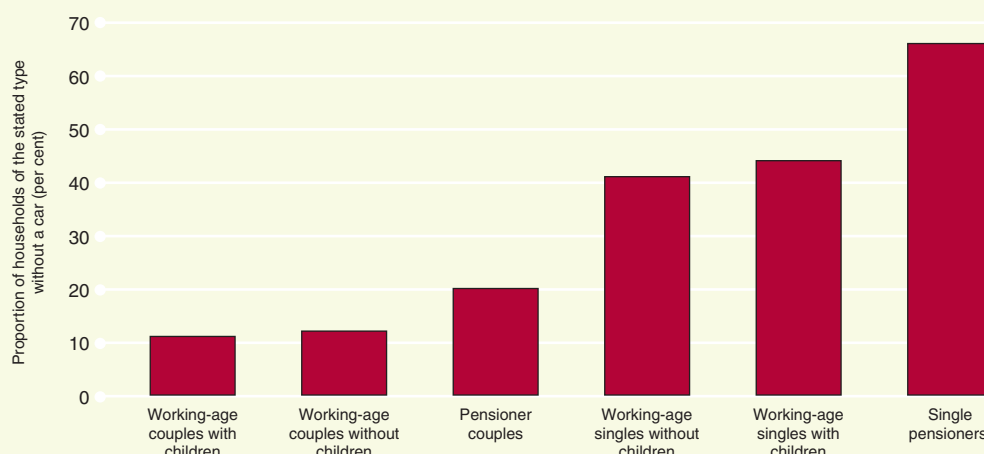
Ability to travel

42A: People in households without a car make fewer than half the number of journeys as those with a car.
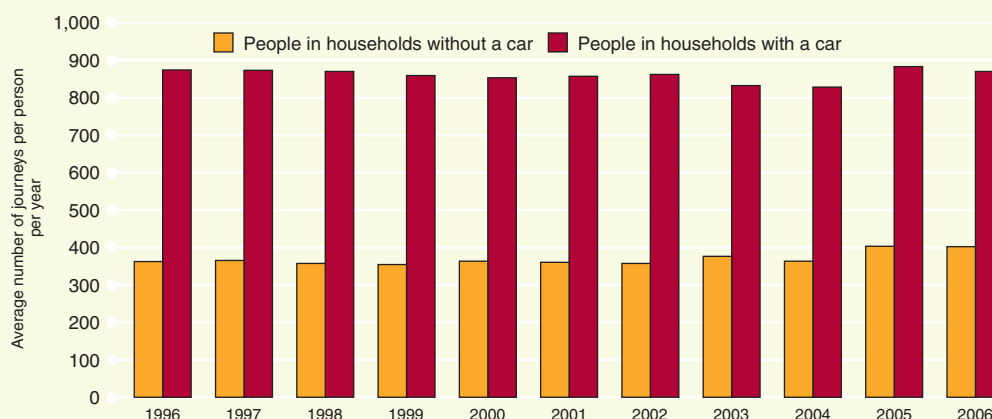
Source: National Travel Survey, DfT; Great Britain

42B: Just about all couples have a car, but many singles, particularly older people, do not.

Source: 2005 National Travel Survey, DfT; Great Britain

The first graph shows the average number of journeys made by people each year, with the data split between those in households with and without cars. The data source is the National Travel Survey (NTS) and the data relates to Great Britain. The number of journeys has been calculated as the total number of trips by all methods less the number of walking trips. No data is available for 2007. Up until 2001, the NTS results were published on a three-year rolling basis. Following advice from the Department for Transport, the individual year estimates have been made by applying the three-year averages to the middle year of the three (e.g. the figures for 2000 are those for the three-year period from 1999 to 2001). Figures for 2001 cannot be estimated on this basis so the figures shown are the average for the years 2000 and 2002.

The second graph shows, for 2005, the proportion of households who do not have access to a car, with the data shown separately for each major type of household. Note that this breakdown is not available for either 2006 or 2007. The data sources is again the NTS and households are classified as working-age or pensioner depending on whether the household reference person is aged 65+ or not.

Overall adequacy of the indicator: limited. The NTS is a well-established annual government survey, designed to be nationally representative, but it is not at all clear that the data fully captures the problems of transport in relation to poverty and social exclusion, particularly given the absence of any good data on the adequacy of public transport as an alternative to car ownership.

Chapter 6 **Community**

Access to services

Choice of indicators

Whether it is the direct result of the policies and practices of institutions, or simply the result of a lack of resources, lacking access to those services that it is normal for most people to have is an important part of the experience of poverty and social exclusion. This theme addresses one aspect of this issue which is a subject of renewed government interest, namely financial exclusion. The particular focus is on the extent to which low-income households are more likely than other households to lack essential financial services.

43 Without a bank account

This indicator is concerned with households which lack any type of bank or building society account, something which both increases the cost of utilities and can make it harder to get a job. The recent government interest in the subject is reflected by an agreement with the banks in 2004 for targets to reduce the numbers lacking a bank account as set out in the HM Treasury report *Promoting financial inclusion*.

The first graph shows the proportion of households who lack any kind of bank or building society account. The figures here are shown for each year over the past decade, separately for those in the poorest fifth of the population and those with average incomes. Of those who do have an account, some just have basic bank accounts while others just have Post Office Card Accounts (POCA). These accounts, only introduced in 2003, have proved popular (with nearly five million such accounts in existence in April 2006). But as they do not have all the features of a bank account, people who only have a POCA are not regarded by the Treasury as being fully 'financially included'. The second graph shows, for 2005/06 (the only year for which separate data is available), the proportions with no account, a POCA only, and a basic bank account only, with the data shown separately for each level of household income.

44 Without home contents insurance

This indicator deals with the subject of home contents insurance. As long ago as 1999, home contents insurance was identified, alongside bank accounts, as a key aspect of financial exclusion by the government's Policy Action Team 14 report *Access to financial services* (published by HM Treasury in 1999). The floods in 2007 and 2008 and the damage they caused have clearly shown how important home contents insurance – or rather the lack of it – really is.

The first graph shows the proportion of households without home contents insurance, with the results shown separately for each fifth of the income distribution. These proportions are shown both for 2006 and for ten years earlier, 1996/97. The second graph shows the connection between having such insurance or not, and the likelihood of being burgled. More precisely, for each year since 1999 (for which data is available), the graph shows the proportions of households suffering a burglary in the previous year according to whether or not they have home contents insurance.

What the indicators show

43 Without a bank account

The proportion of low-income households with no bank account has fallen sharply in recent years.

While only one in twenty of the poorest fifth of households now have no account, this rises to one in ten if Post Office Card Accounts are not considered to be accounts.
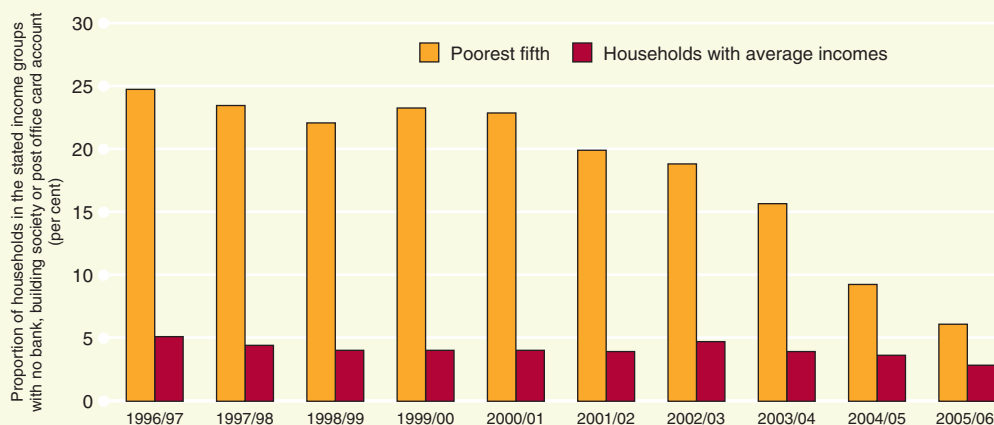
44 Without home contents insurance

Half of the poorest households do not have home contents insurance, the same as a decade ago and more than twice the rate for households with average incomes.

Households with no home contents insurance are more than three times as likely to be burgled as those with insurance.
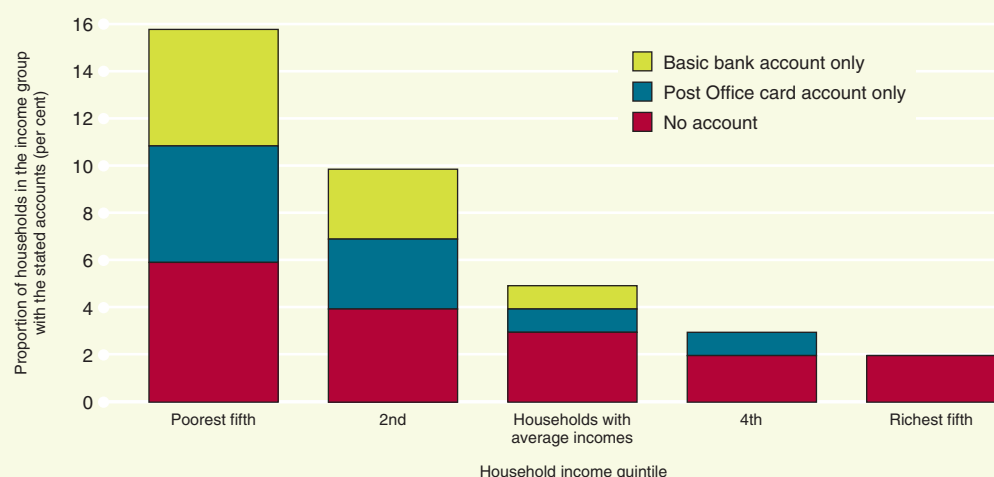
Without a bank account

Indicator 43

43A: The proportion of low-income households with no bank account has fallen sharply in recent years.

Legend: Poorest fifth | Households with average incomes

Y-axis: Proportion of households in the stated income groups with no bank, building society or post office card account (per cent)

X-axis: 1996/97, 1997/98, 1998/99, 1999/00, 2000/01, 2001/02, 2002/03, 2003/04, 2004/05, 2005/06

Source: Family Resources Survey, DWP; Great Britain

43B: While only one in twenty of the poorest fifth of households now have no account, this rises to one in ten if Post Office Card Accounts are not considered to be accounts.

Legend: Basic bank account only | Post Office card account only | No account

Y-axis: Proportion of households in the income group with the stated accounts (per cent)

X-axis: Poorest fifth, 2nd, Households with average incomes, 4th, Richest fifth
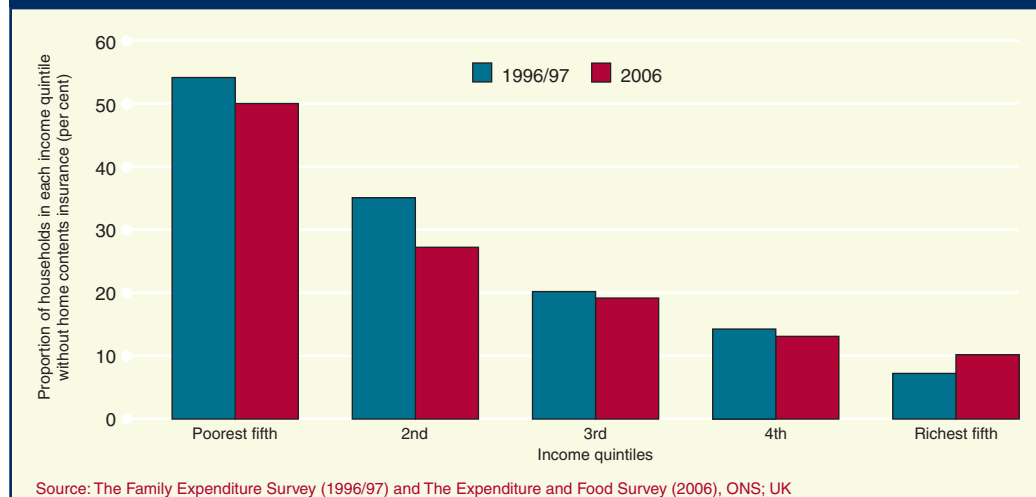
Household income quintile

Source: Family Resources Survey 2005/06, DWP; UK

The first graph shows the proportion of households without a bank, building society or any other kind of account. The data is split to show households in the poorest fifth of the income distribution and for households on average incomes (middle fifth of the income distribution) separately. Income is household disposable income, equivalised (adjusted) to take account of household composition and is measured after deducting housing costs. The data source is the Family Resources Survey (FRS). The data relates to Great Britain (FRS did not cover Northern Ireland prior to 2002/03). As well as bank and building society accounts, the figures also count any savings or investment accounts as well as Post Office Card Accounts (POCA) but do not include stocks and shares, premium bonds, gilts, save as you earn arrangements or credit unions. Note that, at the time of printing, the 2006/07 data had not been made available by the Government.
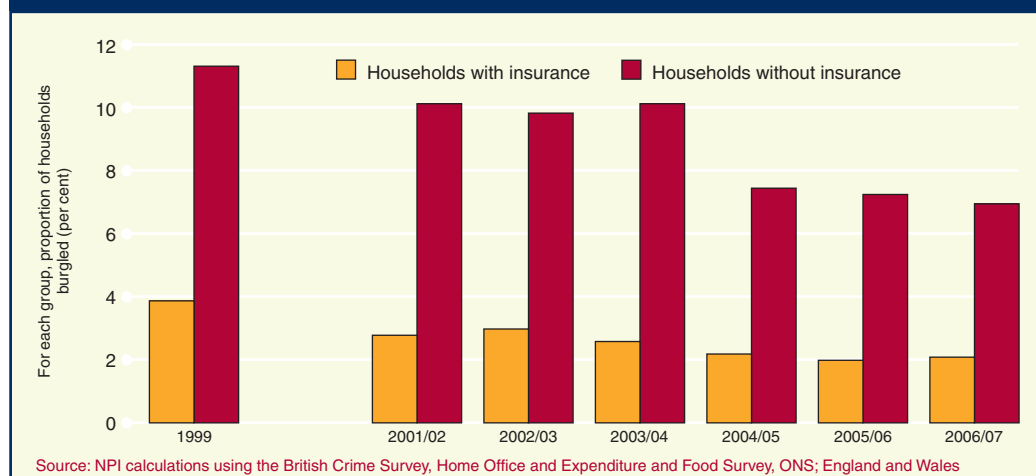
As the first graph shows, the proportion of households without an account has fallen sharply in recent years. This fall has largely coincided with the introduction of two new types of account, namely basic bank accounts and POCAs. Some people argue that these new types of account, particularly the POCA, should not be considered to be true accounts as they have only limited functionality. In this context, the second graph shows, for the latest year and for differing levels of household income, the proportion of households with only a basic bank account or a POCA. Note that such an analysis was not possible for years prior to 2005/06.

Overall adequacy of the indicator: medium. FRS is probably the most representative of the surveys that gather information on the extent to which people have bank and other types of account but the inclusion in recent years of people with POCAs only is arguably distorting the trends over time.

Without home contents insurance

44A: Half of the poorest households do not have home contents insurance, the same as a decade ago and more than twice the rate for households with average incomes.

Proportion of households in each income quintile without home contents insurance (per cent)

Legend: 1996/97, 2006

Income quintiles: Poorest fifth, 2nd, 3rd, 4th, Richest fifth

Source: The Family Expenditure Survey (1996/97) and The Expenditure and Food Survey (2006), ONS; UK

44B: Households with no home contents insurance are more than three times as likely to be burgled as those with insurance.

For each group, proportion of households burgled (per cent)

Legend: Households with insurance, Households without insurance

Years: 1999, 2001/02, 2002/03, 2003/04, 2004/05, 2005/06, 2006/07

Source: NPI calculations using the British Crime Survey, Home Office and Expenditure and Food Survey, ONS; England and Wales

The first graph shows, for the latest year, how the proportion of households without home contents insurance varies according to the household's income. The division into income quintiles is based on gross incomes after adjustment – 'equivalisation' – for household size and composition. The data source is the Expenditure and Food Survey (EFS) and relates to the United Kingdom. For comparison purposes, the equivalent data from the Family Expenditure Survey (FES) for a decade earlier is also presented, although survey limitations mean that the division into income quintiles here is based on unequivalised and unweighted income.

The second graph shows the proportion of households with, and without, home contents insurance that were victims of a burglary one or more times in each of the years shown. The rates have been estimated using data on burglaries from the British Crime Survey (BCS) and data on household insurance from the EFS. The estimates are for England and Wales. Note that data for years earlier than 1999 has not been included in the graph as it was collected on a different basis (via a direct question in the BCS) and is therefore not directly comparable.

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

Housing

Choice of indicators

The four indicators in this theme relate to a number of different aspects of the links between poverty and housing. They are homelessness, overcrowding, 'non-decent' housing and 'fuel poverty'.

45 Homelessness

This indicator is concerned with the number of households in England officially recognised by their local authority as homeless. The first graph shows two statistics for each year over the last decade. One statistic is the number of households officially recognised by their local authority as newly homeless, while the other is the number of homeless households in temporary accommodation at year end. It is important to note that these two statistics are of different types: the former is the cumulative number over the period of each year while the latter is a point-in-time number at the end of the year. Furthermore, neither is a complete count: the former excludes those recognised as homeless in previous years and still homeless while the latter excludes homeless households whom their local authority has no duty to accommodate.

For those households newly recognised as homeless in 2007 and judged to be 'in priority need', the supporting graph provides a breakdown of the immediate reasons why they became homeless (no equivalent statistics are available for those judged to be 'not in priority need').

46 Overcrowding

Overcrowding mostly occurs in households with large numbers of children. Research suggests that overcrowding is associated with a higher rate of child accidents, encourages infection, and that the resulting lack of privacy can be a considerable cause of mental stress.

The first graph shows, for each year over the last decade, the proportion of both people and households that fall below a measure of occupation density known as the 'bedroom standard'. The 'bedroom standard' is calculated in relation to the number of bedrooms and the number of household members and their relationship to each other. One bedroom is allocated to each married or cohabiting couple, any other person over 21, each pair aged 10 to 20 of the same sex and each pair of children under 10. The supporting graph shows how the proportion of people who were living in overcrowded conditions varies by tenure using the same bedroom standard.

47 Non-decent homes

The 'decent homes' standard is the primary indicator of stock condition now applied in England. A dwelling is defined as 'decent' if it meets the minimum statutory fitness standard, is in a reasonable state of repair, has reasonably modern facilities and provides a reasonable degree of thermal comfort. In practice, it is usually failure to meet the last of these criteria (thermal comfort) that causes a home to be classified as non-decent.

The first graph shows, for each housing tenure, the proportion of households who were in non-decent homes in England for each year since 1996 for which data is available. The supporting graph shows how the proportion of households who are in non-decent homes varies by level of household income.

48 Fuel poverty

Households are considered to be in 'fuel poverty' if they have to spend more than a tenth of their disposable household income on fuel to keep their home in a 'satisfactory' condition, where, for example, a 'satisfactory' heating regime is considered to be one where the main living area is at 21 degrees centigrade with 18 degrees centigrade in the other occupied rooms. It is thus a measure which compares income with what the fuel costs 'should be' rather than what they actually are, the concept being that households in fuel poverty will either be spending a disproportionate proportion of their income on fuel or will be living in circumstances which are unsatisfactory for their health and well-being. The data is for England only.

The first graph shows the total number of households who were estimated to be in fuel poverty in England for each year since 1996 for which data is available. Note that the latest data is for 2006, since when levels of fuel poverty will have risen further because of increases in energy prices. For the years from 2001 onwards, the data is split by tenure. The supporting graph shows how the risk of fuel poverty in the period to 2005 varies by type of household (single people, couples with children etc), both overall and among the poorest fifth of households.

What the indicators show

45 Homelessness

The number of newly homeless households has fallen sharply since 2004 but is still around 100,000 households a year. Although now falling, the number of homeless households placed in temporary accommodation is still much higher than in 1997.

By far the biggest reason for becoming homeless is loss of accommodation provided by relatives or friends.

46 Overcrowding

Around 4 per cent of people, comprising 2 per cent of households, live in overcrowded conditions, the same as a decade ago.

Overcrowding is four times as prevalent in social rented housing as in owner-occupation.

47 Non-decent homes

A quarter of homes in England were classified as non-decent in 2006 compared to almost a half a decade earlier.

Poor households are somewhat more likely to live in a non-decent home than richer households.

48 Fuel poverty

2.5 million households in England were classified as being in fuel poverty in 2006, much higher than in 2005 but still much lower than a decade ago.

Both overall and among those in low income, single-person households are much more likely to be in fuel poverty than other household types.

Homelessness

45A: The number of newly homeless households has fallen sharply since 2004 but is still around 100,000 households a year. Although now falling, the number of homeless households placed in temporary accommodation is still much higher than in 1997.
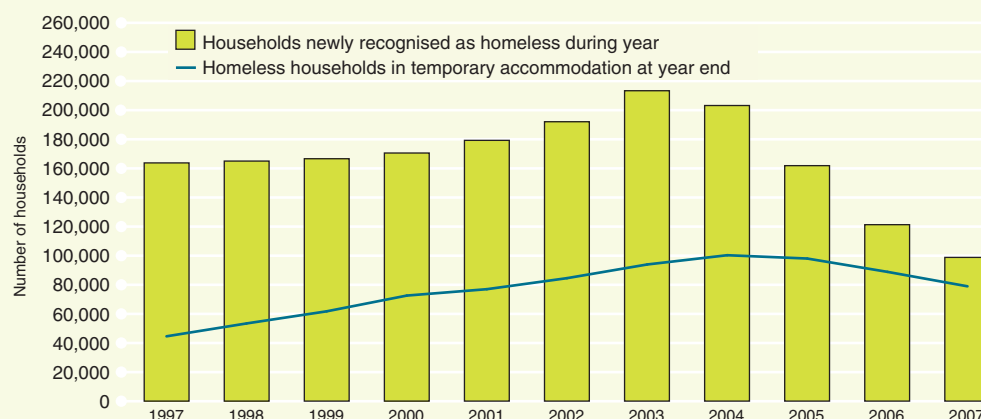
Source: Statutory Homelessness England, Statistical Releases, DCLG

45B: By far the biggest reason for becoming homeless is loss of accommodation provided by relatives or friends.
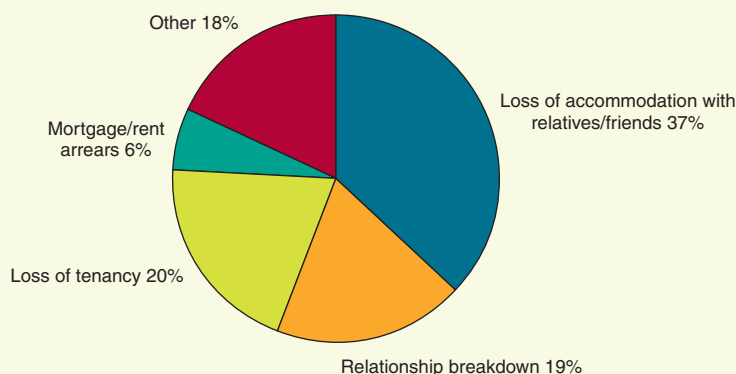
Source: Statutory Homelessness England, Statistical Releases, DCLG; the data is for 2007

The first graph shows two statistics for each year over the last decade. One statistic is the number of households officially recognised by their local authority as newly homeless. It includes those 'in priority need', those 'not in priority need' and the intentionally homeless (a small number). The other statistic is the number of homeless households in temporary accommodation at year end; 'temporary accommodation' includes bed and breakfast, hostel accommodation, private renting, and other. It is important to note that these two statistics are of different types: the former is the cumulative number over the period of each year while the latter is a point-in-time number at the end of the year. Furthermore, neither is a complete count: the former excludes those recognised as homeless in previous years and still homeless while the latter excludes homeless households whom their local authority has no duty to accommodate. The data is for England only and the data source is Department of Communities and Local Government Statutory Homelessness England, Statistical Releases. Scotland, Wales and Northern Ireland are not included in this graph because the legislative environment is different.

For those households newly recognised as homeless in 2007 and judged to be 'in priority need', the second graph provides a breakdown of the immediate reasons why they became homeless (no equivalent statistics are available for those judged to be 'not in priority need').

Overall adequacy of the indicator: medium. While there is no reason to believe there is any problem with the underlying data, the extent to which it leaves 'homelessness' dependent on administrative judgement is not satisfactory. In particular, the figures may not include many single people who are effectively homeless, as local authorities have no general duty to house such people and therefore many may not apply.

Overcrowding

46A: Around one in twenty-five people live in overcrowded conditions, the same as a decade ago.

Proportion of households/people who are living in overcrowded conditions (per cent)

— People   — Households
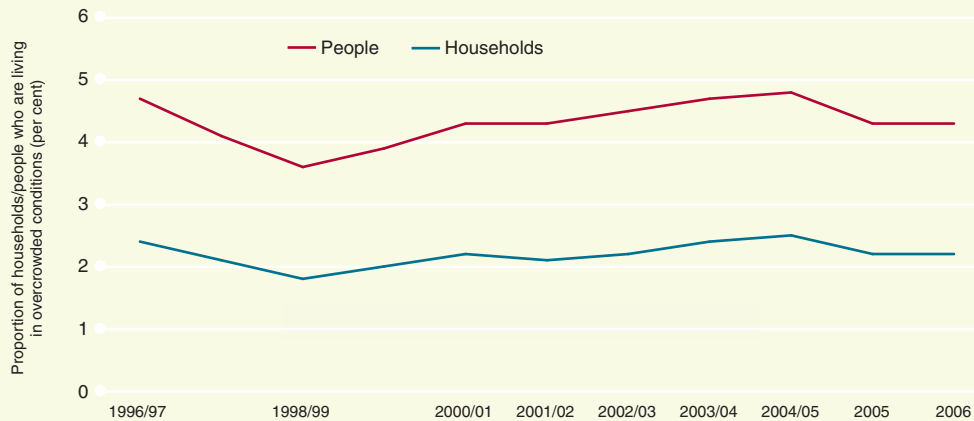
Source: General Household Survey, ONS; Great Britain

46B: Overcrowding is four times as prevalent in social rented housing as in owner-occupation.

Proportion of people who are living in overcrowded conditions (per cent)

Owner-occupiers   Private renters   Social renters
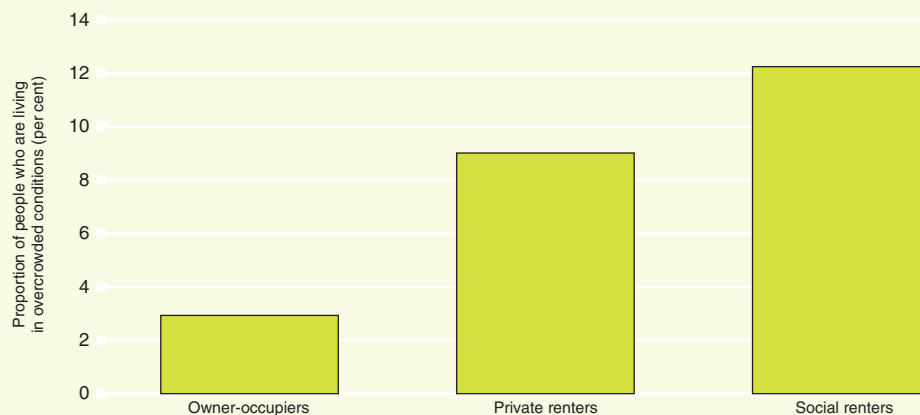
Source: Survey of English Housing, DCLG; the data is the average for 2004/05 to 2006/07; England

The first graph shows the proportion of both people and households that fall below a measure of occupation density known as the 'bedroom standard'. Note that the proportion of people living in overcrowded conditions is much higher than the proportion of households.

The 'bedroom standard' is calculated in relation to the number of bedrooms and the number of household members and their relationship to each other. One bedroom is allocated to each married or cohabiting couple, any other person over 21, each pair aged 10 to 20 of the same sex and each pair of children under 10.

The data source is the General Household Survey (GHS) and relates to Great Britain. Note that GHS moved from financial years to calendar years in 2005. Also, note that the data for 1997/98 and 1999/2000 is missing because the GHS was not carried out in those years.

The second graph shows how the proportion of people who were living in overcrowded conditions varies by tenure using the same bedroom standard. The data source is the Survey of English Housing and relates to England. To improve its statistical reliability, the data is the average for the latest three years.
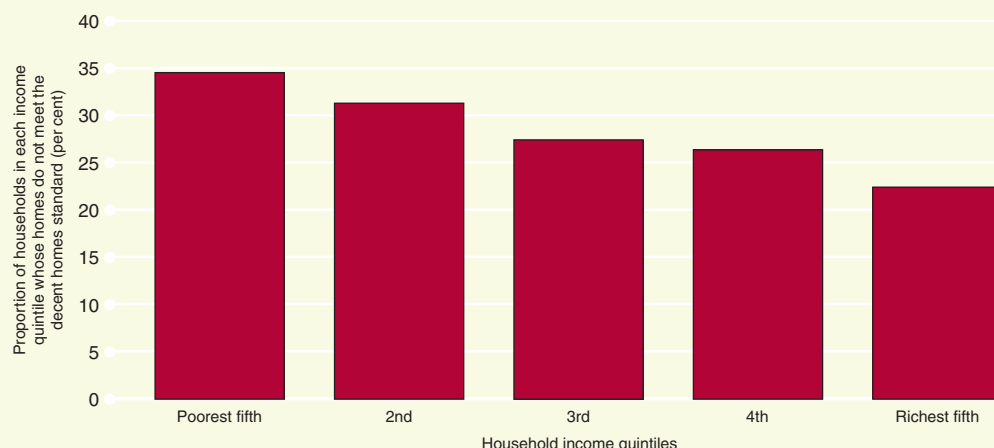
Overall adequacy of the indicator: limited. The bedroom standard itself is considered by many to be low, particularly for those aged over 10, and the overall level of overcrowding shown by it may therefore be too low.

Non-decent homes

47A: A quarter of homes in England were classified as non-decent in 2006 compared to almost a half a decade earlier.

For each tenure, proportion of dwellings which do not meet the decent homes standard (per cent)

Legend: Private rented, Social rented, Owner-occupied, All dwellings

X-axis: 1996, 2001, 2003, 2004, 2005, 2006

Source: English House Condition Survey, DCLG; England

47B: Poor households are somewhat more likely to live in a non-decent home than richer households.

Proportion of households in each income quintile whose homes do not meet the decent homes standard (per cent)

X-axis: Poorest fifth, 2nd, 3rd, 4th, Richest fifth

Household income quintiles

Source: English House Condition Survey, DCLG; the data is the average for 2003 to 2005; England

The first graph shows the proportion of homes deemed to be 'non-decent', with the data shown separately by tenure. The second graph shows how the proportion of homes that are 'non-decent' varies by the income of household (incomes are before deducting housing costs but after adjustment – 'equivalisation' – for household size and composition).

'Non-decent' homes are those which do not meet the government's standard for 'decent homes' whereby housing should: be above the statutory minimum standard (i.e. be fit for habitation); be in a reasonable state of repair; provide reasonably modern facilities and services; and provide a reasonable degree of thermal comfort.

The data source for all the graphs is the English House Condition Survey (EHCS) and relates to England.

Overall adequacy of the indicator: medium. EHCS is a well-established, regular government survey, designed to be nationally representative but there is no direct link with the subject of poverty and social exclusion.
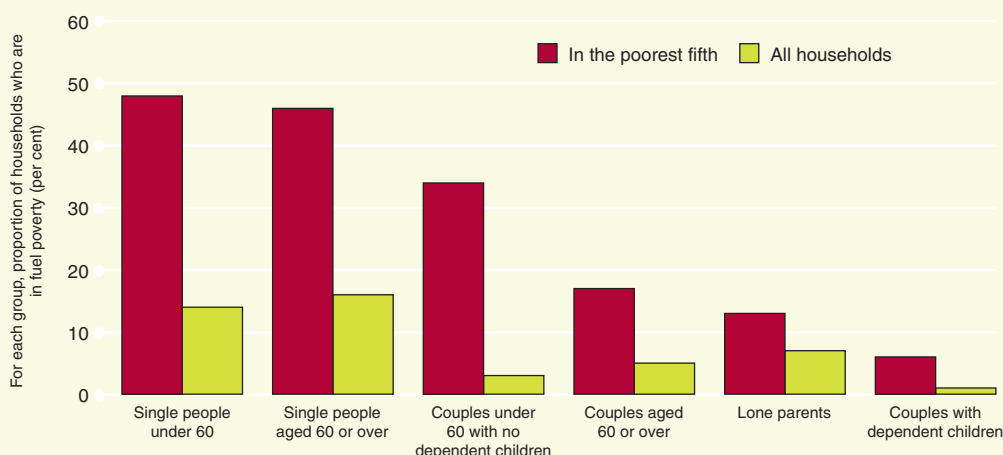
Fuel poverty

48A: Two-and-a-half million households in England were classified as being in fuel poverty in 2006, much higher than in 2005 but still much lower than a decade ago.
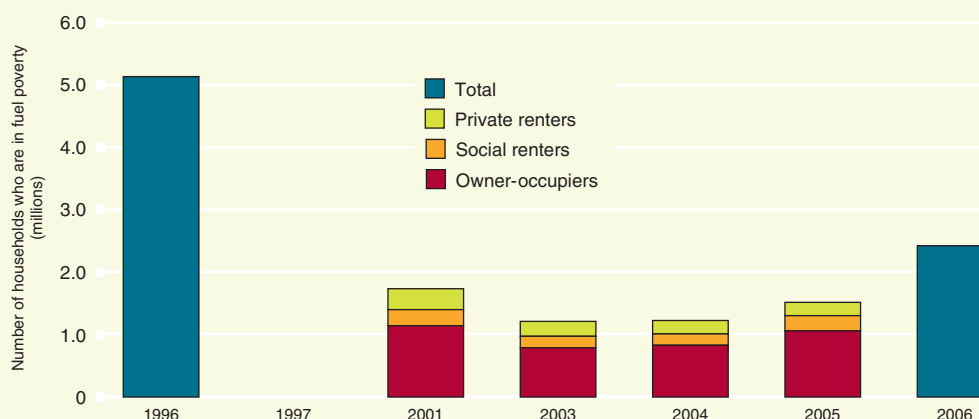
Source: English House Condition Survey, DCLG; England

48B: Both overall and among those in low income, single-person households are much more likely to be in fuel poverty than other household types.

Source: English House Condition Survey, DCLG; the data is the average for 2003 to 2005; England

The first graph shows the number of households deemed to be in 'fuel poverty', with the data shown separately by tenure. The second graph shows how the proportion of households that are in fuel poverty varies by household type (single person, couple with children and so on), both for all households and for households in the poorest fifth (incomes are before deducting housing costs but after adjustment – 'equivalisation' – for household size and composition).

Households are considered to be in 'fuel poverty' if they would have to spend more than 10 per cent of their household income on fuel to keep their home in a 'satisfactory' condition, where, for example, a 'satisfactory' heating regime is considered to be one where the main living area is at 21 degrees centigrade with 18 degrees centigrade in the other occupied rooms. It is thus a measure which compares income with what the fuel costs should be rather than what they actually are. Household income is disposable household income before deducting housing costs, with Housing Benefit and Income Support for Mortgage Interest both counted as income. The fuel costs included comprise that used for space heating, water heating, lighting, cooking and household appliances.

The data source for both graphs is the English House Condition Survey (EHCS) and relates to England. The 1996 data in the first graph has been amended by the government from the original EHCS estimate of 4.3 million to take account of DTI gas and electricity bill data and is taken from the third annual progress report of the UK fuel poverty strategy.

Overall adequacy of the indicator: medium. EHCS is a well-established, regular government survey, designed to be nationally representative, but the calculation of required fuel costs is both complex and obscure.

Social cohesion

Choice of indicators

The two indicators in this theme focus on two rather different aspects of social cohesion, namely the extent to which worklessness is concentrated in particular areas or tenures and the trends in the prevalence of crime.

49 Concentrations of worklessness

While the geographical pattern of poverty and other forms of disadvantage always appear to attract great interest, statistics that purport to summarise those patterns are not only often difficult to understand but are also matters of dispute among the experts. Such measures are also hampered by the fact that data on poverty as defined in this report is simply not available below the level of the English region, Wales, Scotland and Northern Ireland. The first graph of this indicator, using out-of-work benefits data rather than poverty data (an important difference given that half of all child poverty is in working families), employs a simple measure to examine whether working-age people receiving out-of-work benefits have become more or less concentrated geographically over recent years. More specifically, for each of 2000 and 2008, it shows the number of such recipients in each of: the 10 per cent of small areas with the highest levels of concentration; the next 15 per cent of small areas; the next 25 per cent; and the final 50 per cent (i.e. the 50 per cent of small areas with the lowest levels of concentration). By design, the four groups in which the small areas are presented each had similar numbers of claimants in 2000.

The second graph addresses a second aspect of concentrations of worklessness, namely variations by housing tenure. More specifically, for each year over the last decade, it shows the proportion of households where the 'household reference person' (the person with the highest income in the household) was not in paid work, with the data shown separately for households who are social renters and households in other housing tenures. For comparison purposes, the equivalent data for 1981 is also shown.

50 Victims of crime

Crime is one of the issues that worries people most about their local area and it is also the main reason why people think that their area has got worse over time (see *Housing and neighbourhoods monitor*, Joseph Rowntree Foundation, 2006).

The first graph provides two measures of the trends in the crime for both burglary and violent crime. One measure is the estimated number of such crimes in each year since 1998 (for which data is available). The other measure is the proportion of adults who say that they are worried about being the victim of such crimes, again in each year since 1998. It might be expected that people's perceptions about trends in crime would follow the trends in actual estimated crime but this is, in fact, not the case. In this context, the second graph shows the proportion of adults who think that crime is increasing/decreasing, again for each year since 1998. All the data is for England and Wales only.

What the indicators show

49 Concentrations of worklessness

Claimant numbers in the areas with the most claimants have been falling at a similar rate as those in other areas.
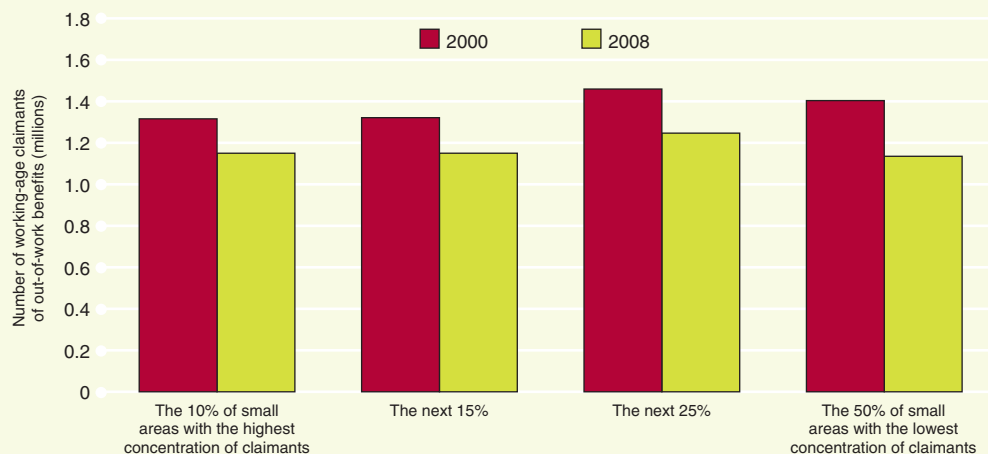
In two-thirds of households in social housing, the head of household is not in paid work. Although this has been the case throughout the last decade, it was only a half at the start of the 1980s.

50 Victims of crime

Both burglaries and violent crimes have halved over the last decade. Levels of worry among adults about being a victim of crime are also much lower than a decade ago.

Throughout the last decade, many more people think that the local crime rate has been increasing than think that it has been decreasing.

Concentrations of worklessness

49A: Claimant numbers in the areas with the most claimants have been falling at a similar rate as those in other areas.

Source: DWP Work and Pensions Longitudinal Study; Great Britain

49B: In two-thirds of households in social housing, the head of household is not in paid work. This has been the case throughout the last decade.
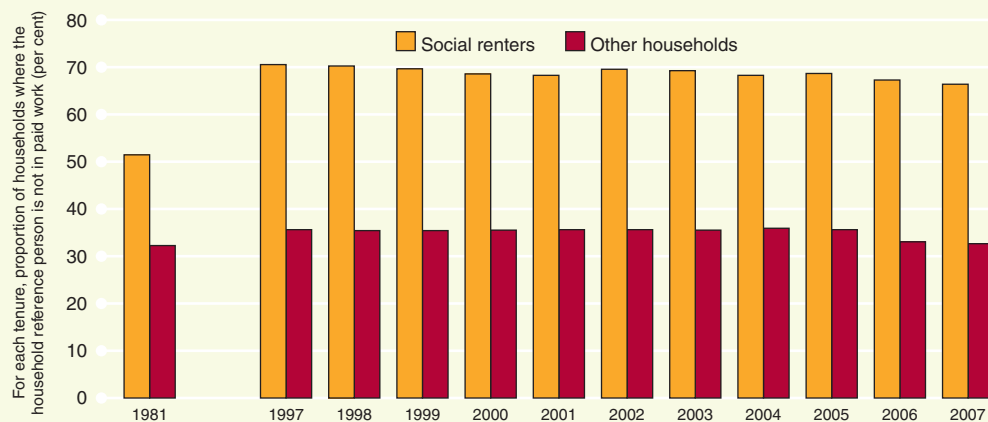
Source: Labour Force Survey, ONS; UK

The first graph examines how the small area pattern of recipiency of key out-of-work benefits by working-age people has changed over time. It does so by placing the 40,000 small areas ('super output areas') in Great Britain into four roughly equal groups according to the proportion of their working-age population who are in receipt of such benefits. The benefits included are Jobseeker's Allowance, Income Support, Incapacity Benefit, Severe Disablement Allowance, and Carer's Allowance and, if someone is receiving more than one of these benefits, they are only counted once. The data is shown for both the latest year (2008) and earliest year (2000) that it is available and relates to the month of February. The data source is the Department for Work and Pensions (DWP) Work and Pensions Longitudinal Study and relates to Great Britain. Small area population estimates have been used as the denominator but, as such estimates do not exist for every year, the 2006 estimates have necessarily been used for 2007 and 2008, and the 2001 estimates have been used for 2000.

The second graph shows the proportion of households where the 'household reference person' (the person with the highest income in the household) is not in paid work, with the data shown separately for households who are social renters and households in other housing tenures. The data source is the Labour Force Survey (LFS) and relates to the United Kingdom. The figures for each year are the average for the four quarters of the relevant year. Note that the data for 1981 is for Great Britain only.

Overall adequacy of the indicator: high. The underlying data in the first graph is a full count and is considered to be very reliable.

Victims of crime

50A: Both burglaries and violent crimes have halved over the last decade. Levels of worry about being the victim of crime are also much lower than a decade ago.
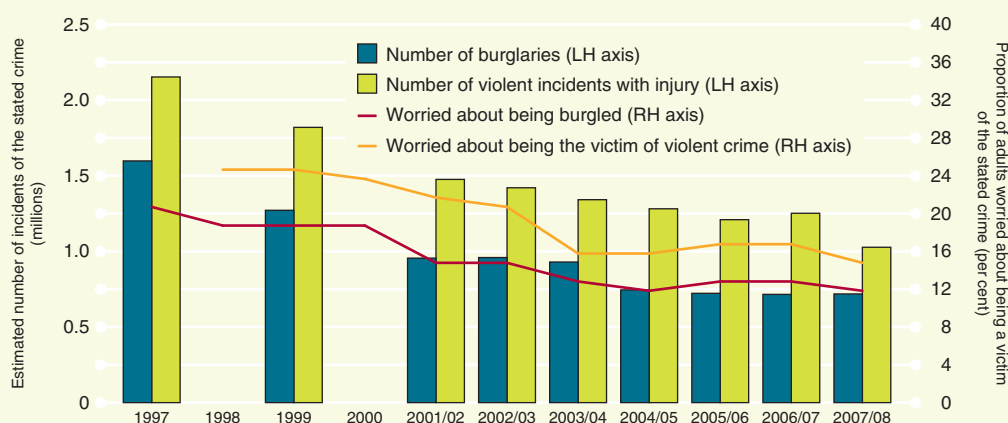
Source: British Crime Survey, Home Office; England and Wales

50B: Throughout the last decade, many more adults think that the local crime rate has been increasing than think that it has been decreasing.
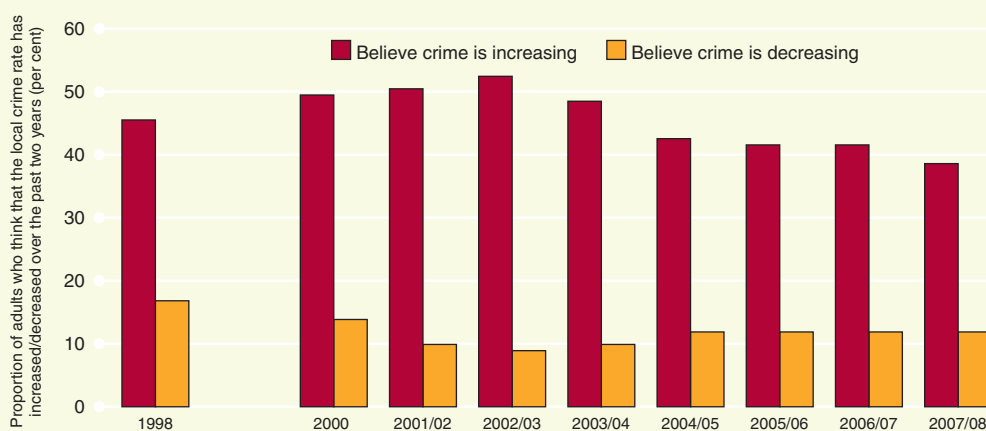
Source: British Crime Survey, Home Office; England and Wales

The first graph shows the number of burglaries and violent incidents with injury in each year shown. It also shows the proportion of people who say they are very worried about being burgled or about being a victim of violent crime for each year shown. For burglary, this proportion is simply the proportion of respondents who said that they were very worried about having their home broken into and something stolen. For violent crime, the measure is based on a scale constructed from questions on worry about mugging, rape, physical attack by a stranger and racially motivated assault. For each of these four questions, a scale is used whereby 'very worried'=2, 'fairly worried'=1, 'not very worried'=0 and 'not at all worried'=0. The result of combining these questions is then a number between 0 and 8. A score of 4 or more is then entitled 'very worried' and a score of less than 4 is entitled 'not very worried'. Respondents who did not answer all four of the questions are excluded from the analysis.

The second graph shows, for each year shown, the proportion of people who believe that the local crime rate has increased/decreased over the previous two years.

The data source for both graphs is the British Crime Survey (BCS). The data is for England and Wales (BCS only covers England and Wales). In the period up to the year 2000, the BCS survey was undertaken every two years, in the even-numbered years. Whereas the views that people expressed applied to those years (e.g. in the second graph) the crimes that they report refer to the previous odd-numbered year (e.g. in the first graph). From 2001/02, BCS became an annual survey with the data on both views and crimes relating to the year of each survey.

Overall adequacy of the indicator: high. BCS is a well-established government survey, which is designed to be nationally representative.