

MONITORING POVERTY AND SOCIAL EXCLUSION: Why Britain Needs a Key Indicators Report?

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Preface

In Britain we collect a huge amount of statistics. We have access to more information about our citizens than ever before in human history. Statistics relating to poverty and social exclusion are collected by a range of bodies: government departments, the Office for National Statistics, charities and academics. Unfortunately, the information then too often sits gathering dust on library shelves and the need for its practical application is neglected.

Why then do we promote yet another publication on poverty and social exclusion ?

The point is that the way the UN and the EU think about poverty has changed, and Britain's Labour government is now following that thinking and recognises that the weakest and poorest in our society should not be the least protected. Poverty is, of course, directly related to how much you have to spend but it is also reflected by the deprivation and disadvantage which you face in your daily life. Those who face persistent poverty, as I know from my own constituency, use schools, clinics and hospitals which are under enormous pressure, and have little access to public transport or child care. They face a higher risk of crime and drug related attack. Poverty is not only about how much or how little you have to spend - it is about where you live. The gap between rich and poor grows wider as countless social needs are unmet and people lose confidence and self-esteem. It is not simply about not being able to have things; it is about not even aspiring to advancement for yourself and your family.

It is time we brought together all the information on how poverty blights the lives of as many as a quarter of the UK's people in order that we can act upon that evidence. We must see all these things as part of a whole. The New Policy Institute's pilot report, *Monitoring Poverty and Social Exclusion*, will help us to do that with a new set of indicators.

In economic management, in international development, and increasingly in environmental assessment, indicators play a key role in informing decision makers and the public. What we urgently need now are new indicators in Britain which focus on the people who get forgotten by conventional indicators of progress.

This work is surely timely. The government has already introduced the Welfare to Work programme; and will soon establish the working family tax credit and a national minimum wage. Over the long term a report like this could show us the effects of those policies on the poor and socially excluded, and it could highlight the groups and the areas which will need to be targeted next.

I trust that the government will welcome this report for what it is: an imaginative and practical initiative designed to help those living in and close to poverty. Only by recognising and acknowledging the problems being faced every day by so many British families will we find solutions which tackle the waste and unhappiness caused by poverty and social exclusion.

Glenys Kinnock MEP

MONITORING POVERTY AND SOCIAL EXCLUSION: WHY BRITAIN NEEDS A KEY INDICATORS REPORT

“What we are talking about is a decisive break with the past. The last government let poverty regain its hold in Britain, to an extent unseen since before the last War. The ‘five giants’ that Beveridge identified - want, ignorance, idleness, disease and squalor - all prospered. Yet the support system of the welfare state was neglected. It wasn’t maintained or modernised. Its costs spiralled while its effectiveness diminished.

“To put that right we now face a task of reconstruction as intense as the one that faced the post war Labour government and that’s why we need an anti-poverty strategy of the same ambition and breadth.” (Prime Minister in Sheffield, 30 January 1998.)

SHARING THE GRAND VISION

Britain still faces the reality of both material poverty and ‘poverty of aspirations’. The Prime Minister speaks of ‘an anti-poverty strategy of the same ambition and breadth’ as that of the post-war government. The Chancellor of the Exchequer, echoing the phrase used by the reforming American President, Lyndon Johnson, describes the government as being engaged in a ‘War on Poverty’¹. Government spokesmen link poverty with poor health and poor education. For this to be the *official* view of poverty is a great change.

¹ Interview, *The New Statesman*, January 1998.

If this grand vision of poverty is to succeed, it needs to be shared and understood by society at large. Not just politicians, their civil servants and a handful of experts, but the public too needs some means of tracking what is going on and gauging eventually both the successes and the failures of what is being attempted. To help meet that objective, the New Policy Institute, with the support of the Joseph Rowntree Foundation, is planning to produce a report, provisionally called *Monitoring Poverty and Social Exclusion*, which is offered as a model for a regular, annual report that will allow this tracking to take place.

Regular and consistent assessment is especially important because reducing poverty and its modern twin - social exclusion - requires fundamental reform which will inevitably take time to have effect. The Prime Minister emphasised that it would take time when he launched the government's Social Exclusion Unit in December 1997.

The fact that no one government department is responsible for the poor and excluded has in the past been an obstacle to progress. The launch of the Social Exclusion Unit, charged with 'improving mechanisms for integrating the work of departments' is thus a positive development. Acting on particular problems in a co-ordinated fashion is a crucial first step, but unless we simultaneously start to research and report poverty and exclusion in a rounded way the impetus to co-ordinate may be weakened.

That is why an regular report which looks into, and monitors, poverty and exclusion is so important. It must examine problems in ways which reflect the reality of people's daily lives rather than administrative activity. There is no established history in this country of government-wide reports which is why the task of designing this report should initially be carried out by an external and independent body, drawing on statistical material from across the range of departments and beyond government.

Our model report is planned to appear during 1998. We will be consulting widely over a draft version during the spring. Now that our work is underway, we are writing this paper to bring what we are doing to a wider audience, to invite reaction and suggestions.

WHAT ‘MONITORING POVERTY AND SOCIAL EXCLUSION’ AIMS TO ACHIEVE

Monitoring Poverty and Social Exclusion will be a public document based around a set of key indicators. Its basic aim is to serve as a framework for a public debate on poverty and social exclusion, providing a substantial amount of information each year which cumulatively shows the pace and degree of change. If it is to succeed in that, it needs to achieve three things.

First, it needs to be published regularly, probably every year, with each key indicator being updated in each edition.

Second, since many indicators, especially those showing income distributions, are hotly debated by politicians and experts, the arguments around them need to be presented in a way that is generally seen as being impartial between contending points of view. Contentious interpretation needs to be clearly sign-posted and separated from more basic descriptive passages.

Third, the report is aimed at a wide audience including politicians: local authority councillors and officials; charities and pressure groups; public libraries; business; and private individuals. To reach such a wide and diverse audience, the report has to use accessible language and present the basic data as clearly as possible using charts, maps and tables.

As well as tracking progress over time, the report is also a chance to show the geographical variation of poverty and social exclusion, providing a sense of how different areas compare both on an absolute level and in terms of rates of improvement. We will also include international comparators, which place the British situation in context. Our policy approach in this country has been very different in a number of areas from that of other Europeans, notably on labour markets and social security payments. The report should show how different the outcomes are now and whether the differences are fading or growing over time.

Although, in reality, policies often take many years before they can be fully evaluated, this report would act as a framework for predicting what effects proposed policies would have on people in or near to poverty.

THE INTERNATIONAL POVERTY ERADICATION AGENDA

Monitoring Poverty and Social Exclusion is a report about Britain, but it must include indicators which can be compared with similar ones in the OECD and the EU. It must also be rooted in an awareness of developments abroad, both practical approaches to eradicating poverty and exclusion, and developments in academic thinking on these two issues.

At the United Nations World Summit on Social Development in 1995 the UK, along with over one hundred other countries, signed up to reporting its progress on eradication of poverty, although the then government denied the need for a national poverty eradication strategy. Other countries took the commitment more seriously and have instituted well researched and planned anti-poverty programmes. Ireland is a good example since they have actively involved people living in poverty in the development of the strategy and its targets. Our report will be a key tool in any coherent national anti-poverty strategy in the UK.

Two definitions of poverty emerged at Copenhagen, ‘absolute’ and ‘overall’ poverty. The UN proposed that each country “should develop a precise definition and assessment of absolute poverty”, which was broadly defined as “a condition characterised by severe deprivation of basic human needs, including food, sanitation facilities, safe drinking water, health, shelter, education, and information. It depends not only on income but also on access to services.” Research by MORI for the Bristol Statistical Monitoring Unit is the first attempt to quantify the levels of income for different households in the UK that correspond to that broad definition, and we will refer to these levels, along with several other benchmarks, in our report.

The European Commission’s statistical bureau, Eurostat, defines a person as being ‘poor’ if they have a net income of below 50% of the average income in his or her country. Eurostat draw on the European Community Household Panel, the first wave of which was in 1994. It is a valuable source, showing how Britain compares to her European partners in absolute levels of poverty, in levels of domestic inequality, and in the dynamic processes which affect the poorest, especially their experience of the labour market. *Monitoring Poverty and Social Exclusion* will include comparative measures which draw on this source within the commentary.

EXAMPLES OF OTHER INDICATOR-BASED REPORTS

Researching other countries' poverty reports, and indicator-based reports on other subjects in this country, shows the potential value of the report we are now working on.

The UN's *Human Development Report* is a key model, showing how a wide selection of indicators can increase public understanding of the problems. This annual report presents international comparisons using a definition of poverty which focuses on 'denial of choices and opportunities' as well as lack of material resources. Its composite Human Development Index, made up of a broad group of variables, ranks the world's countries according to a weighting formula. The rest of the report is divided into chapters discussing measurement and definitions, discussions of countries which have moved up or down the ranking, economic causes of poverty, and the politics of poverty eradication.

The way that the report ranks and marks progress over several years using a constant set of variables has gained it wide attention. Many poorer countries have focused great attention on improving their scores. The broad view of poverty developed in the *Human Development Report* has encouraged a more sophisticated understanding of how poverty operates as a process. Inclusion of indicators on educational imbalances, on social investment, and women's political and economic participation have provoked greater thoughtfulness on the role these elements play in alleviating poverty and promoting human development.

Another example is *Poverty in the United States*, an annual document, officially produced by the Bureau of the Census, showing the number of people below the US poverty line. Using a variety of absolute measures of poverty, this report breaks down the national figures by state, and also by individuals' age, race, place of birth, family composition and work history. It shows the ratio of income to the poverty line, demonstrating how far below it people fall.

The strength of the US report lies in its predictability and authority. Using the same definition of poverty each year has allowed meaningful comparisons to be made over a time span of more than thirty years. Journalists are aware of its publication date and are able to line up specialist commentators to discuss the significance and reasons for yearly changes. The variety of data breakdowns gives a picture of which groups and areas are falling behind or making progress. Analysis of the policies and circumstances which may have contributed to these changes can then be carried out independently.

In the UK, the Employment Policy Institute's quarterly *Employment Audit* has provided a focus for a more informed debate on unemployment. This is an alternative and independent report in which a new set of labour market indicators have been devised. Indicators, such as International Labour Organisation's unemployment measure, are used but they have been placed alongside alternative ones with different emphases. It shows how a mix of old, familiar indicators with new ones can be extremely effective. Some of its new indicators are now widely quoted in the media and by politicians.

Importantly, a report on poverty and social exclusion could both reflect and embody the importance which the government attaches to these problems. The Bank of England's quarterly *Inflation Report* serves as the best example of this. Introduced in 1992, the reports were part of an effort to improve policy making and accountability. The then Chancellor of the Exchequer argued that the report would raise the standard of economic debate in the country.

What can be done for inflation can also be achieved for poverty and social exclusion. As with inflation, there are various ways of measuring income poverty, and these should be included in the report so that people can understand how they compare. The government itself, in the immediate aftermath of Britain's forced exit from the European Exchange Rate Mechanism, proposed the *Inflation Report* as a important accessory to its new monetary policy. Such reports have lent credibility and greater transparency to inflation policy. In 1998, the government is not faced with a comparable crisis, which is one reason why the model for a poverty and social exclusion report is being developed independently of government. In time, however, it too could become an official publication.

WHAT THE REPORT WILL COVER

Our view of poverty is a broad one in two senses. First it is more than just low income. Clearly, low income is an essential, or necessary, component of poverty, but it is not on its own enough to condemn people to poverty. The duration of time spent on low income and the frequency of such spells will be one factor that turns low income into poverty. The availability of other resources, financial or non-financial, from friends and family will be another. Set against these sorts of considerations that serve to break any automatic association between low income and poverty, we would also stress that being out of poverty requires more than just enough cash for short term physical subsistence. There is an relative element to it, as the UN view of the matter emphasises.

The second sense in which we hold to a broad view of poverty is that it is more than just about income. We view disadvantages that affect people on low income disproportionately (such as overcrowded or temporary accommodation, or increased rates of sickness and mortality) as being part and parcel of poverty.

‘Social Exclusion’ is still something of a new term in a British context with agreement developing slowly about its meaning. Some believe it distracts from the continuing reality of inequality and poverty in the UK. Our view is that ‘social exclusion’ *is* a valuable concept, not only emphasising the multitude of disadvantages people can suffer but the dynamic processes which cause them. It refers to the systems and structures which can keep people excluded, including the labour market, the education system, the benefits system, public transport systems and family structures.

While there is a considerable overlap between them, we propose to use poverty and exclusion alongside each other to reinforce the broad view of the problem which is now widely accepted to be essential.

CHOOSING THE INDICATORS

There are, of course, practical restrictions on the indicators we will use. For example, all indicators must be capable of being updated annually, which imposes limits particularly on our use of more ‘subjective’ indicators. Each indicator must be expressed in a statistically sound, and not too complex, way.

The table shows examples of indicators that we are considering including. It also shows the broad subject area within which each indicator falls.

Criteria	Example indicators
<i>Aspects of poverty narrowly defined</i>	<ol style="list-style-type: none"> 1. The number of individuals in households with below half average income (income) 2. The number of people eligible but not claiming Income Support (income)
<i>Correlated with poverty</i>	<ol style="list-style-type: none"> 1. Incidence of low birth weight (children) 2. Accidental deaths children (children) 3. Crimes against property (social & physical environment) 4. Percentage turnout at elections (social environment)
<i>Likely contributor towards poverty</i>	<ol style="list-style-type: none"> 1. Numbers failing to gain Grade C or above at GCSE (children) 2. Workplace injuries (economically active) 3. Truancy from school (children) 4. Long term unemployment (economically active)

The broad range of indicators depicted here points up the fact that the report will *not* attempt to produce a composite index that gives a catch-all definition of poverty or social exclusion. Neither will it suggest a poverty line. Instead, our approach is much more that of the ‘scorecard’ where each indicator appears independently instead of disappearing into an amalgam.

One advantage of this is flexibility, allowing new indicators to be introduced or others to be removed without damaging the integrity of the rest. Another advantage is that it lets people focus on what matters most to them: perhaps pensioner poverty, or long term youth unemployment, or child poverty. This approach makes it possible for particular details to emerge as well as the overall picture.

This approach varies considerably from that adopted by the Department of the Environment’s Index of Local Deprivation, which is a composite index. It was designed with practical functions in mind, particularly the allocation of resources to areas of high deprivation.

As an index of local conditions, it focuses on small areas. This very fine level of local breakdown prevents the index from being fully updated more than once in ten years since much of the data is drawn from the census. Our indicators have all been chosen so that they can be updated every year. This limits our choice but will allow a more dynamic picture to emerge over time.

THE ORGANISATION OF THE REPORT

A report like this does not exist in a policy vacuum. Now that the government is starting to introduce policies to tackle poverty and social exclusion, this report needs to include indicators which will respond in sensible ways to these initiatives as they start to take effect.

One requirement here is for government itself to identify in advance the statistics it wants to use to measure the success of its policies, from welfare to work, to sink estates. This is an important area of our current work.

Building on this, the report will try to relate the effects of policies to wider changes in levels of poverty. For example, if training and basic skills improve through the government's initiatives, will that reduce poverty, and, if so, whose poverty? The report can only make a start on this, partly because the effects of policies take time to come through, and partly because they will in many cases require special studies by experts to establish the answers. But providing a public and accessible summary of the effects of policy is, we believe, the single most important thing that a regular report like this can achieve. Accommodating that objective has influenced the way we have chosen to organise the report.

With the exception of income, the report will not have separate chapters on topics like health and education. Instead, after a chapter on income, the report will examine each of the major groups suffering poverty. We prefer this approach because it seems to us more relevant to people's lives. It allows us to bring out the interactions between different aspects of poverty and social exclusion for the groups concerned. These interactions are not the same for everyone but differ according to circumstances which are common to those groups. This approach is also better for highlighting the interactions between policy and outcomes, since most policies have specific effects on different groups.

CONCLUSION

Statistics are not value free. They change our perceptions and priorities, and however objective they are they draw attention to what society sees as important. By putting a spotlight on poverty and social exclusion, *Monitoring Poverty and Social Exclusion* will try to increase the importance that society attaches to these problems.

The process of selecting indicators for this project is thus a crucial one and must be consultative. We are discussing with academics the practicalities of individual indicators including their availability, the statistical possibilities, and international comparisons. With politicians, civil servants and government advisors we are discussing what this administration hopes to be judged on, how they intend to measure and monitor the development of new policy, and what this project could offer them in communicating their priorities to the electorate. Lastly, we will be carrying on a dialogue in the coming months with people living in poverty, and those working professionally to combat exclusion and poverty, about what indicators reflect their greatest concerns and difficulties.²

² Finally, this paper, which argues the case for a regular report monitoring poverty and exclusion in the UK, should be seen in conjunction with our other working papers on the individual chapters. These take forward the arguments in greater detail and propose a set of key indicators for each chapter.