



## Monitoring poverty and social exclusion

The New Policy Institute has constructed the first set of indicators to present a wide view of poverty and social exclusion in Britain. Forty-six indicators show the numbers of people facing difficulties at various points in their lives. The indicators can be updated regularly to monitor trends and help the Government 'keep its eye on the ball' in tackling social exclusion.

- f** The number living on low incomes relative to the average is far higher than 20 years ago, with the numbers in households with below half average income rising from 4 million in 1982 to more than 11 million in 1992. Although the number fell in the mid-1990s, 1996/97 again showed a significant increase of over 9 per cent to 10.5 million individuals.
- f** Children are more likely than adults to live in poverty and more than 2.5 million live in workless households. Those born in the bottom two social classes are 25 per cent more likely to be underweight as babies and twice as likely to die in childhood accidents. They are three times as likely to be excluded from school if they are black than if they are white.
- f** Young adults have twice the average rate of unemployment, and those who have jobs are five times as likely to be paid below half the male average wage than older workers. Suicide rates amongst young men with no known occupation are nearly four times the rate as those amongst young men in social classes I and II.
- f** Over 4 million working-age adults would like to work but do not. Whilst the number officially counted as unemployed has dropped from 3 million to less than 2 million in the last five years, the number of other 'inactive' people who want work actually rose from 2 to 2.5 million.
- f** Thirty per cent of pensioners are in the bottom fifth of the income distribution and 1.5 million live off state pensions and benefits alone. Poorer pensioners are more likely to suffer from ill-health, disability and anxiety, and to have low spending on items such as food.
- f** Disadvantage is concentrated within certain communities. Eighty per cent of households in social housing have a weekly income of less than £200, and in 70 per cent of such households the head of the household is not in paid work. Although much more likely to be burgled, over 50 per cent of the poorest fifth of households do not have household insurance.

## Summary of the poverty and social exclusion indicators

<i>Indicator (latest year of data shown)</i> (Economic indicators are shown in italics)	<i>Trend</i>	
	<i>Over medium term</i>	<i>Over latest year</i>
Income		
<i>1 Gap between low and median income (1996/97)</i>	Improving	Worsening
<i>2 Individuals with below 50% of average income (1996/97)</i>	Improving	Worsening
<i>3 Intensity of low income (number below 40% of average income, 1996/97)</i>	Steady	Worsening
<i>4 Long-term recipients of benefits (1997)</i>	Worsening	Steady
<i>5 Individuals with spells of low income (1994)</i>	Steady	Steady
<i>6 Self-reported difficulty managing financially (%) (1996)</i>	Improving	Improving
Children		
<i>7 Children living in workless households (1997)</i>	Steady	Steady
<i>8 Children living in households with below half average income (1996/97)</i>	Improving	Worsening
<i>9 Low birthweight babies (%) (1996)</i>	Worsening	Steady
<i>10 Accidental deaths (1996)</i>	Improving	Improving
<i>11 Pupils gaining no GCSE grade C or above (1995/96)</i>	Improving	Steady
<i>12 Permanently excluded from school (1996/97)</i>	Worsening	Steady
<i>13 Children whose parents divorce (1996)</i>	Improving	Improving
<i>14 Births to girls conceiving under age 16 (1996)</i>	Worsening	Worsening
<i>15 Children in young offenders' institutions (1997)</i>	Worsening	Worsening
Young adults		
<i>16 Unemployed (1997)</i>	Improving	Improving
<i>17 On low rates of pay (1998)</i>	Steady	Improving
<i>18 On severe hardship payments (16- and 17-year-olds) (1997)</i>	Worsening	Improving
<i>19 Starting drug treatment (1997)</i>	Worsening	Worsening
<i>20 Suicide (1997)</i>	Improving	Steady
<i>21 Without a basic qualification (19-year-olds) (1996)</i>	Improving	Improving
<i>22 With a criminal record (23-year-olds) (1996)</i>	Improving	n/a
Adults age 25 to retirement		
<i>23 Individuals wanting paid work (1997)</i>	Improving	Improving
<i>24 Households without work for 2 years or more (1998)</i>	Worsening	Steady
<i>25 On low rates of pay (1998)</i>	Steady	Improving
<i>26 Insecure in employment (1997)</i>	Worsening	Worsening
<i>27 Without access to training (1997)</i>	Steady	Steady
<i>28 Premature death (1992)</i>	Worsening	n/a
<i>29 Limiting long-standing illness or disability (1996)</i>	Worsening	Worsening
<i>20 Depression (1994/95)</i>	Worsening	Steady
Older people		
<i>31 Pensioners with no private income (1995/96)</i>	Steady	Improving
<i>32 Spending on essentials (1996/97)</i>	Steady	Steady
<i>33 Limiting long-standing illness or disability (1996)</i>	Worsening	Worsening
<i>34 Anxiety (1996)</i>	Steady	Steady
<i>35 Help from social services to live at home (%) (1997)</i>	Worsening	Worsening
<i>36 Without a telephone (1996/97)</i>	Improving	Improving
Communities		
<i>37 Polarisation of work (%) (1996)</i>	Steady	n/a
<i>38 Spending on travel (poorest, relative to middle income) (1996/97)</i>	Steady	Worsening
<i>39 Lacking a bank or building society account (1995/96)</i>	n/a	Improving
<i>40 Non-participation in civic organisations (1995)</i>	Improving	Improving
<i>41 Dissatisfaction with local area (%) (1997/98)</i>	Improving	Improving
<i>42 Vulnerability to crime (1996)</i>	n/a	n/a
<i>43 Homes lacking central heating (1996/97)</i>	Improving	Improving
<i>44 Households in temporary accommodation (1997)</i>	Improving	Improving
<i>45 Overcrowding (1996)</i>	Improving	Improving
<i>46 Mortgage arrears (1997)</i>	Improving	Improving

## Background

Social exclusion has become an issue of central policy interest. Growing inequality in the 1980s led to renewed concern about not just poverty itself, but the degree to which groups of people are being excluded from participation in work, lack full access to services and in other ways find themselves outside the mainstream of society. The setting up of the Social Exclusion Unit in 1997 symbolised a desire by government to address the problems facing the most disadvantaged in this wider context.

But, although combating poverty and social exclusion is a stated priority of the present Government, success is not assured and reform inevitably takes time to have an effect. In these circumstances, what is needed is an authoritative, yet independent, assessment of where matters stand on poverty and social exclusion which can be repeated regularly. In producing one, this country would be following the example of others, such as the United States, who have their own regular poverty reports.

The New Policy Institute has produced a first set of forty-six key indicators, each capable of regular updating. The twofold objective is to demonstrate the feasibility of such a report and to create a set of baseline indicators. These can be updated to monitor progress on tackling social exclusion and help the Government 'keep its eye on the ball' in achieving its objectives in this area. The baseline statistics mainly cover the period up to 1996 and early 1997, describing the situation immediately before the present Government took office. They also show where the Labour Government inherited a generally improving situation and where things were deteriorating.

## The indicators

Reflecting the importance of multiple disadvantage to individuals, the indicators are mainly grouped according to the life stages of the people affected rather than according to types of problem such as poor housing or employment difficulties, although separate sections deal with income and with communities.

### Income

Income inequality rose steeply during the second half of the 1980s but peaked in 1992. The number of people living in households on below half average income is now 10.5 million, compared with 4 million in 1979 (see Figure 1). Although there was some fall

in this number in the mid-1990s, the latest reported year (1996/97) saw a renewed rise. The living standards of the poorest have hardly risen over the last 20 years, even in absolute terms, and over 2.5 million people are still below half the average income of 1979 (adjusted for prices).

Lone parent families are the household type with by far the greatest chance of having low income. Over 50 per cent of such households had less than half average income in 1996/97. Low income families are also concentrated, with some exceptions, in social housing such that 80 per cent of households in social housing have a weekly income of less than £200 in 1996/97. Furthermore, the number of households dependent on out-of-work benefits for two years or more has risen throughout the 1990s, showing that the persistence of low income is also growing.

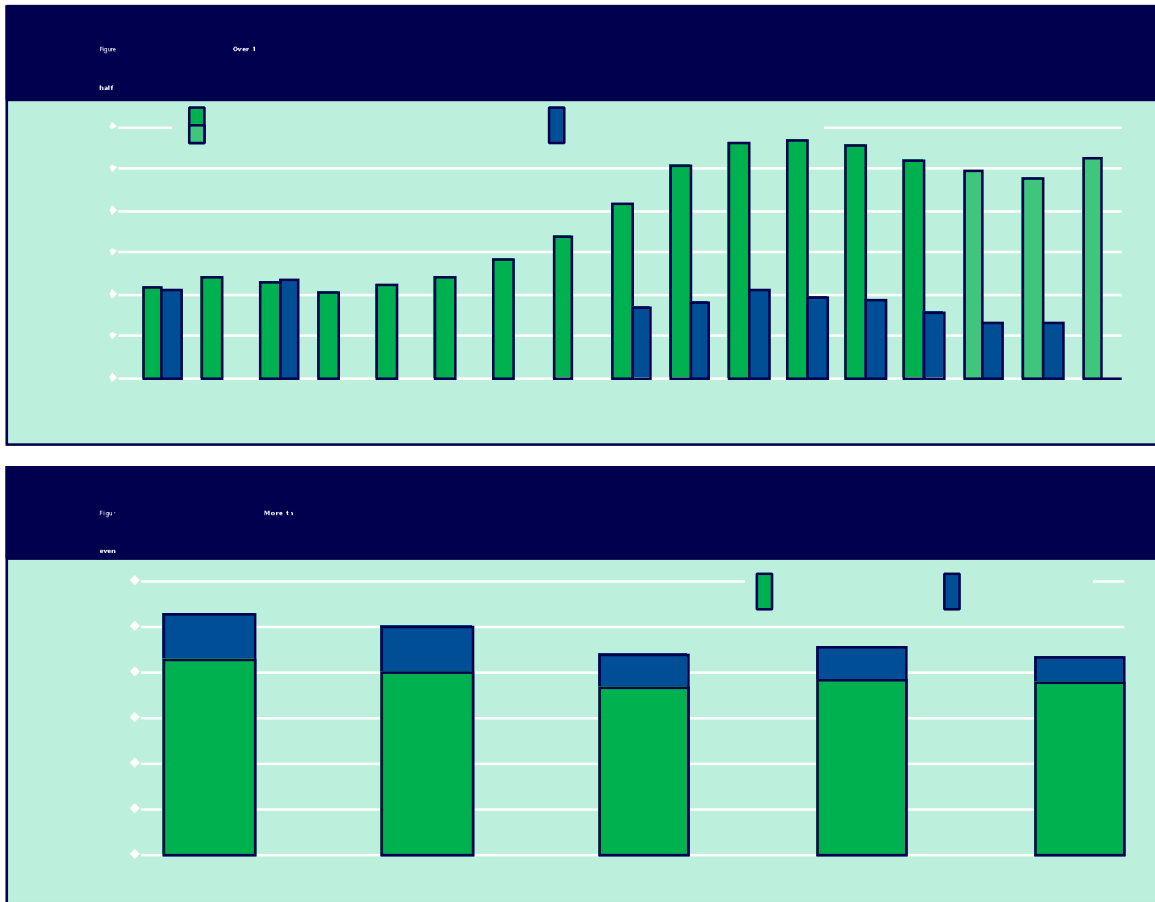
### Children

Children are particularly vulnerable both to low income and to certain aspects of poverty and exclusion. The larger than average families of poor people means that 25 per cent of children are in the bottom fifth of the income distribution compared with just 14 per cent in the top fifth. A third of children, nearly three million, live in households with below half average income, with this number having risen by 500,000 in 1996/97 after having fallen in the previous few years. The geographic concentration of poor children is also rising.

Income and social class have an important effect on children's health and well-being. Those born into the bottom two social classes are 25 per cent more likely to be underweight than those born into the top three. Less well known is the stark difference in the chance of accidental death, which is twice as high for the lower two classes than the upper three. Certain aspects of social exclusion of children have seen sharp rises in the last few years. The number of children in young offenders' institutions is up 40 per cent in five years and school exclusions have risen fourfold over the same period. Black children are more than three times as likely to be permanently excluded from schools as white children.

### Young adults

The economic situation of young adults is often fragile. Even though youth unemployment has fallen, under-25-year-olds are still twice as likely as all



adults to be out of work. Those in work are also far more likely to be on low pay, with about one in three 16- to 24-year-old workers earning below £3.65 an hour, half the male average wage (see Figure 3). While the percentage without qualifications has declined, nearly a third of 19-year-olds still lack a recognised basic qualification, such as an NVQ level 2 or five GCSEs.

A significant proportion also have severe difficulties with their lives, extreme symptoms of which include suicide and drug addiction. The number of young adult drug users starting treatment has risen by more than 50 per cent in the last five years. Although the youth suicide rate has fallen since its peak in 1990, it remains highly concentrated among the less privileged.

**Adults**

Recorded unemployment has gone down during the 1990s, as job-seekers have found work. But the number of people on the fringes of the labour market, not officially unemployed but wanting work,

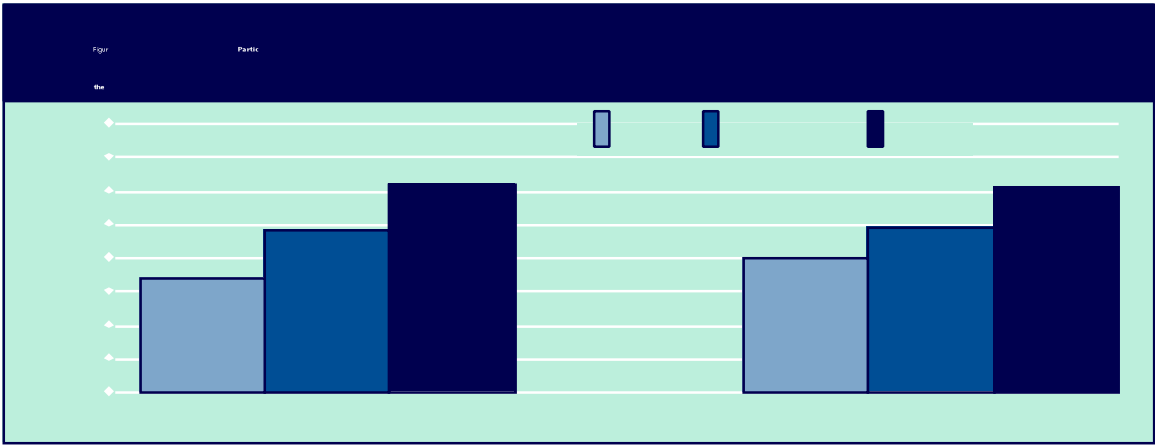
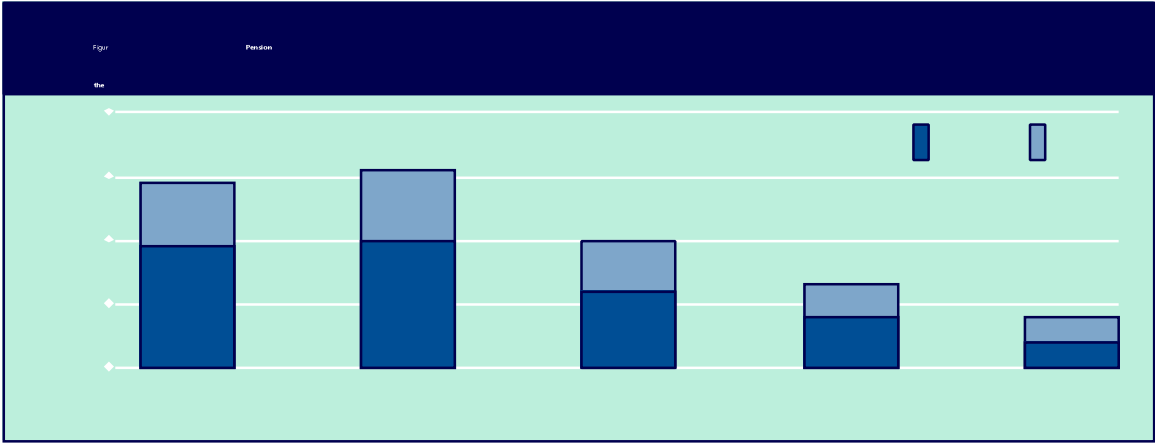
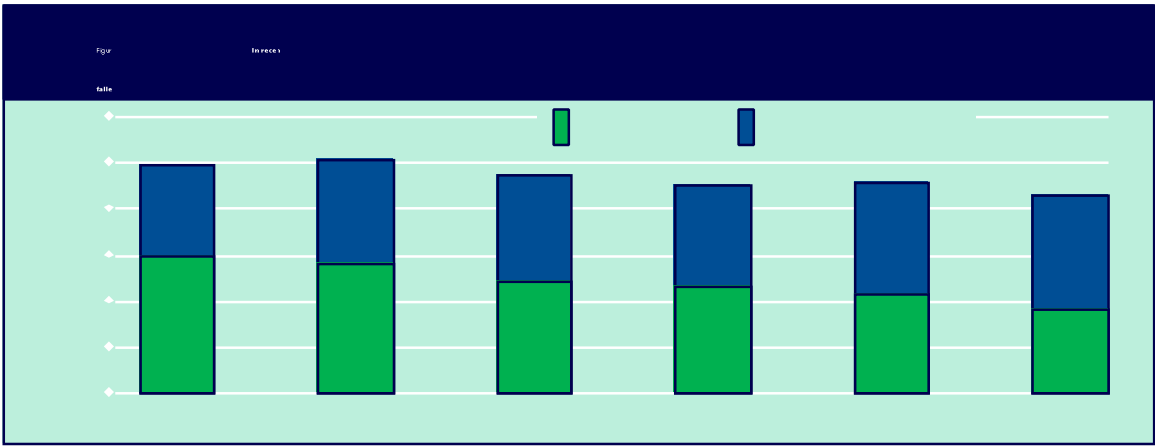
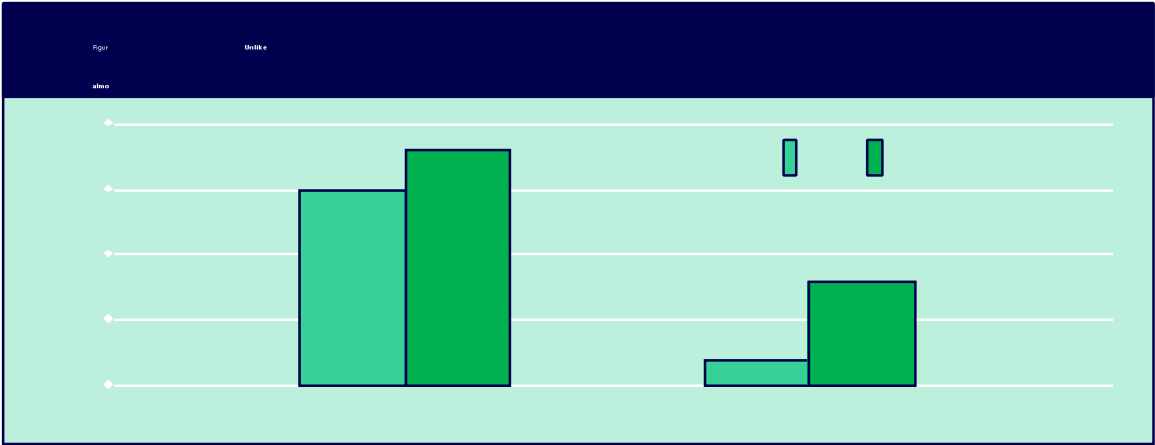
has actually risen over the same period, and now exceeds official unemployment. In total, over 4 million working-age adults in 1997 would have liked to be in paid work but were not (see Figure 4).

Many are also disadvantaged in work. Twenty-five per cent of those in distribution, hotels and catering jobs are paid less than £3.65, and a growing number, over 1.5 million, are in temporary employment, many unwillingly. Those without qualifications are very unlikely to be receiving job-related training.

Finally, economic fortunes and health outcomes are related. For example, manual workers are twice as likely to develop long-standing illnesses before retirement as professional workers. There is also a growing geographical concentration into deprived areas of men and women dying prematurely.

**Older people**

Although old age is no longer synonymous with poverty, 60 per cent of pensioners are in the bottom 40 per cent of the income distribution (see Figure 5).



The 1.5 million who have no income other than their state pension are particularly vulnerable; for example, they spend about half as much on food as those with additional income. But they are also increasingly likely to have such everyday facilities as telephones.

Those from unskilled manual backgrounds are disproportionately represented among the 4 million older people who have their lives restricted by long-standing illness or disability. They are also more likely to be among the 4 million women and 1 million men over 60 who feel unsafe out alone after dark.

### Communities

A final group of indicators relates to the quality of people's lives in their immediate environment. Monitoring this important aspect of social exclusion is constrained to some extent by a lack of suitable data. Whereas national statistics on many aspects of poverty and social exclusion are available, as are local studies on the particular problems in particular areas, regular, nationally comparable data on local conditions are still in short supply.

Community-based activity is an important mechanism for social inclusion, yet the poorest participate in civic organisations at only about half the rate of richer people (see Figure 6), and are generally less satisfied with their neighbourhoods.

Two particular sources of exclusion picked up by the indicators are lack of access to financial services and poor housing. Nearly 20 per cent of the poorest fifth of the population lack bank accounts, which many would consider essential to full participation in a modern society, and over half lack house contents insurance, even though they are twice as likely to be burgled than those that do have it. Much data on poor housing is not available annually, but those problems for which figures are available - homes without central heating, overcrowding, households in temporary accommodation, and mortgage arrears - have all been reducing in recent years.

### About the study

While the data were drawn from existing sources, the study involved a wide-ranging investigation of the availability and suitability of various indicators.

Throughout, the New Policy Institute team worked in consultation with a much wider group, encompassing politicians, civil servants (particularly government statisticians), academic experts, researchers and campaigners (including those with first hand experience of the problems).

### How to get further information

The full report, *Monitoring poverty and social exclusion: Labour's inheritance* by Catherine Howarth, Peter Kenway, Guy Palmer and Cathy Street, is published by the Joseph Rowntree Foundation (ISBN 1 85935 049 6, price £16.95 plus £1.50 p&p).



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