

Persistent Poverty in the UK and EU, 2008-2013

Coverage: **International**

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Geographical Area: **Country**

Theme: **Economy**

Main points

This article provides analysis on people in persistent poverty and their associated characteristics.

It shows that:

- In 2013, 7.8% of the UK population were considered to be in persistent income poverty, equivalent to around 4.6 million people. Persistent poverty is defined as being in relative income poverty both in the current year and at least two out of the three preceding years.
- In 2013, the UK persistent poverty rate was less than half the overall poverty rate of 15.9%. By comparison, in many other EU countries, the persistently poor make up a higher proportion of those in poverty.
- Since 2008 (the first year for which comparable EU longitudinal data are available), the UK has consistently had a persistent poverty rate lower than the EU average.
- Almost a third (33%) of the UK population experienced poverty in at least one year between 2010 and 2013, equivalent to approximately 19.3 million people. In contrast, across the EU as a whole, a quarter (25%) of people were in poverty at least once during that period, with a larger proportion of people in the UK experiencing poverty at least once over those 4 years than in many other EU countries.
- Almost 40% of those aged 65 years and over in the UK experienced poverty at least once between 2010 and 2013, compared with around 30% of those under 65.
- In the UK, 60% of those living in single parent households and almost half (46%) of those in single adult households experienced poverty at least once in the four years between 2010 and 2013 compared with less than a third of those living in households with two or more adults.

Introduction

It is widely acknowledged that experiencing poverty over a number of years is more detrimental for the individual than a brief period in poverty. A household can use a variety of strategies to deal with short-term drops in income which do not apply in the long term, such as reducing expenditure or making use of savings or loans. These strategies reduce the risk of social exclusion for those

who briefly fall into poverty. Studies have shown that the impact of persistent poverty on children in particular can be especially detrimental, adversely affecting their cognitive development, particularly in the first years of life, and increasing the likelihood that they will experience poverty as adults (see e.g. Dickerson & Popli, 2014). In addition, Fouarge and Layte (2005) have shown that the chances of escaping poverty reduce the longer an individual remains in poverty.

Research has shown the importance of a longitudinal approach to fully capture the impact of poverty on the population (see Smith and Middleton, 2007 for a review). These studies reveal that although some people are stuck in poverty, the majority of 'the poor' consist of a constantly changing group of different individuals. This not only has implications for the design of policies to tackle poverty, but also means that a greater number of people experience poverty than are revealed by the headline poverty indicators. Although this means that poverty persists only for a relatively small minority, with the burden of poverty being shared among a larger section of the population, evidence suggests that those who have already been in poverty are more likely to experience poverty again in the future than those who have never been in poverty (Walker, 2010 reported in European Commission, 2012).

Studies have shown that not all members of the population are equally susceptible to poverty but that individuals with certain characteristics are more likely to experience poverty and for this to be persistent and/or recurrent (see for example Jenkins et al., 2001, Fouarge & Layte, 2005 and Tomlinson & Walker, 2010). These include single parents, single adult households, women and retired people.

This article uses the most recent longitudinal data from the European Union Statistics on Income and Living Conditions (EU-SILC) to examine patterns of persistent poverty in the UK and other EU countries between 2008 and 2013. Poverty entry and exit rates for the UK are presented and compared with other EU countries for which data are available. The number of years spent in poverty is used to reveal the percentage of the UK population impacted by poverty at some point in a four year period and this is put in a European context. The experience of poverty by individuals with different characteristics is also examined.

EU-SILC was first carried out in the UK in 2005, making 2008 the first year for which longitudinal data are available; 2013 is the most recent data available. Poverty entry and exit rates are based on the latest year of data in the longitudinal period. For example, entry and exit rates for 2013 are based on transitions between 2012 and 2013, using data from the 2010-2013 longitudinal dataset.

The 2009-2012 longitudinal dataset is used to compare entry and exit rates across the EU since these are the latest data available for countries other than the UK. Entry and exit rates are pooled over this period to maximise the sample size.

Definitions and concepts

The term poverty in this article refers to relative low income. An individual is considered to be in poverty if they live in a household with an equivalised disposable income below 60% of the national median. This is the poverty threshold most commonly used in official UK and EU statistics. The poverty measure is a relative indicator of poverty, measuring income compared to other people, so does not in itself necessarily imply a low standard of living.

Disposable income is the amount of money that households have available for spending and saving after direct taxes (such as income tax and council tax) have been accounted for, but before housing costs. It includes earnings from employment, private pensions and investments as well as cash benefits provided by the state. Equivalisation adjusts the income to take into account the size and composition of the household. Income in this analysis is equivalised using the [modified OECD scale \(165.7 Kb Pdf\)](#).

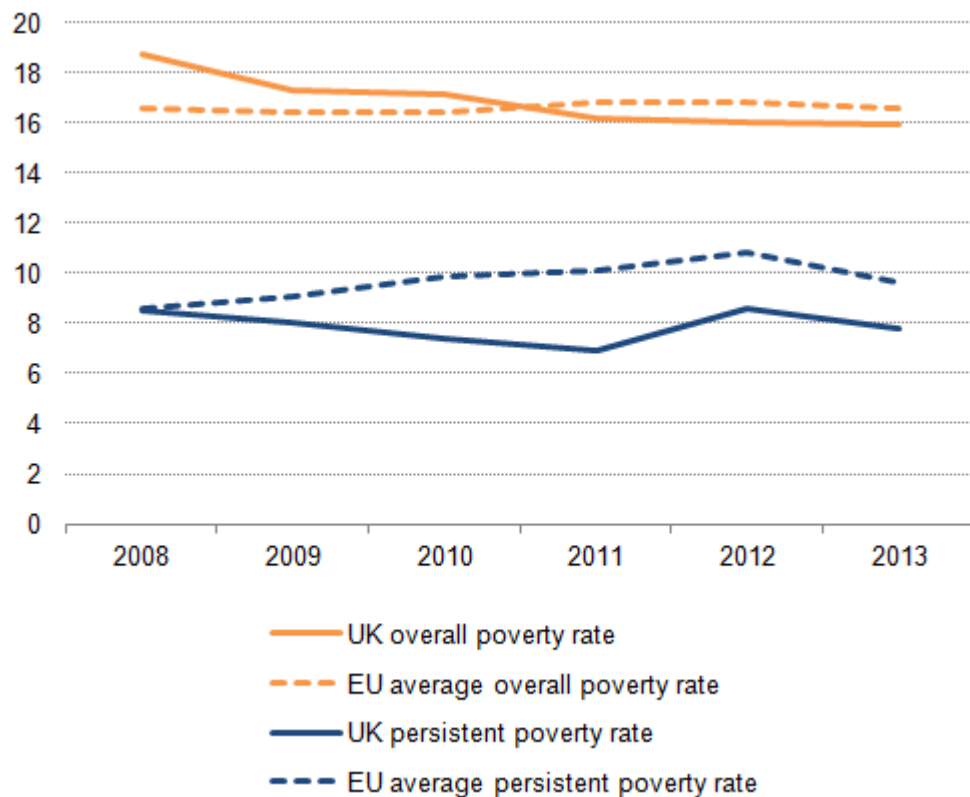
Persistent poverty is defined as being in poverty in the current year and in at least two out of the three preceding years. This is the definition used by the European Commission as part of their indicators to monitor poverty and social exclusion across the EU. Overall poverty (also known as cross-sectional poverty) is the percentage of the population that are in poverty in the current year only, without any consideration of their poverty status in earlier years.

The poverty entry rate is the proportion of the population not in poverty that enters poverty in a given year. The poverty exit rate is the percentage of the population initially in poverty that exits poverty the following year.

Poverty Rates in the UK and EU

In 2013, 7.8% of people in the UK were in persistent income poverty, equivalent to approximately 4.6 million people. This is less than half the overall relative income poverty rate, which in 2013 stood at 15.9%. Persistent poverty rates in the UK differ from overall poverty rates in terms of how they compare with other EU countries. While UK overall relative income poverty rates were above or close to the EU average throughout the period 2008 to 2013 (Figure 1), persistent poverty rates were below the EU average rates throughout most of the same time period.

Figure 1: UK and EU average persistent and overall poverty rates, 2008-2013, percentage total population



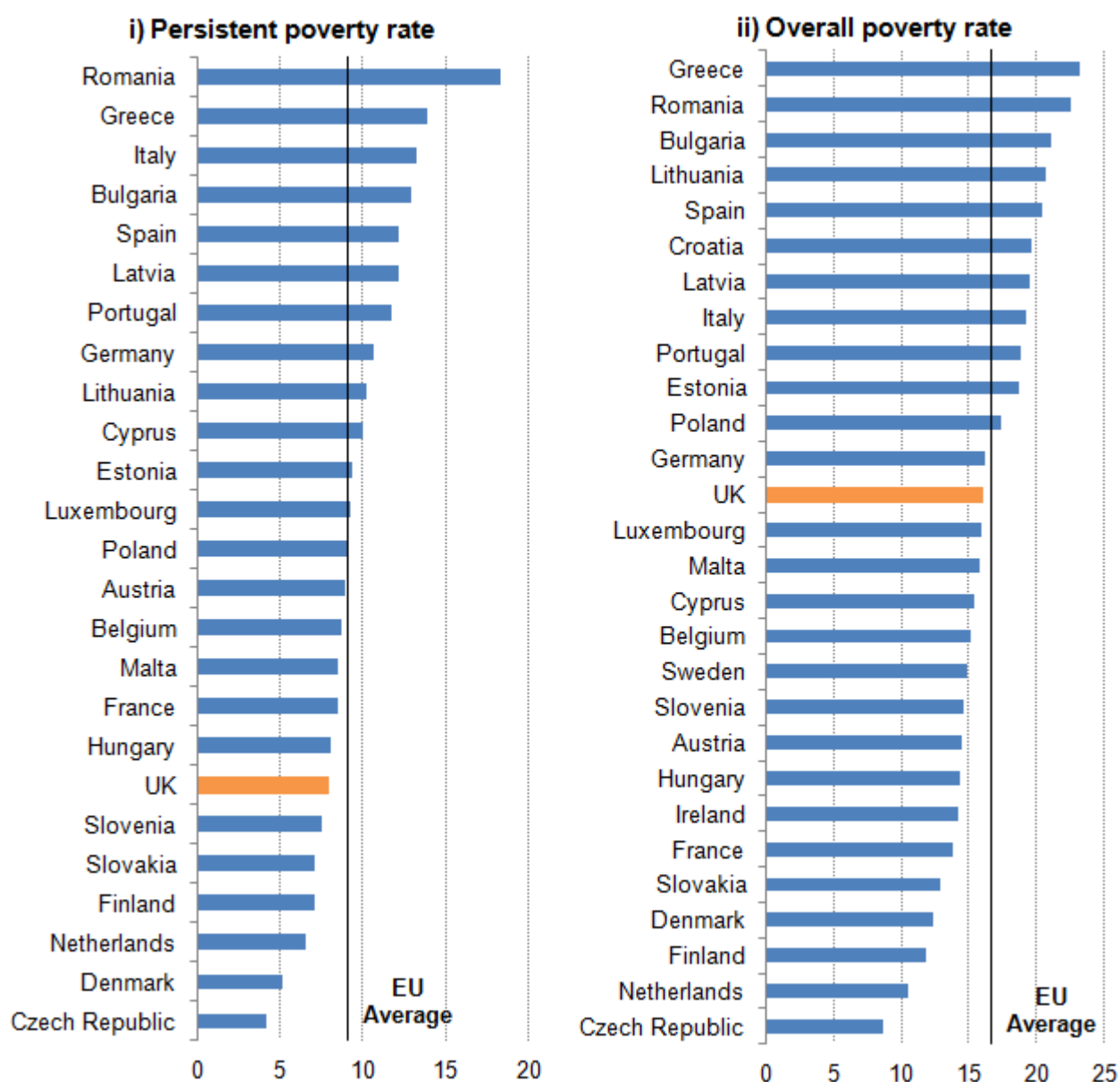
Notes:

1. Source: Office for National Statistics, Eurostat

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Figure 2: Poverty rates across the EU, 2013, percentage total population



Notes:

1. Source: Office for National Statistics, Eurostat
2. Persistent poverty rates are the latest available: For Bulgaria, Romania and Greece 2013 figures are not yet available so 2012 figures are used
3. No persistent poverty estimates are available for Sweden, Ireland or Croatia
4. Overall poverty estimates are all 2013 rates

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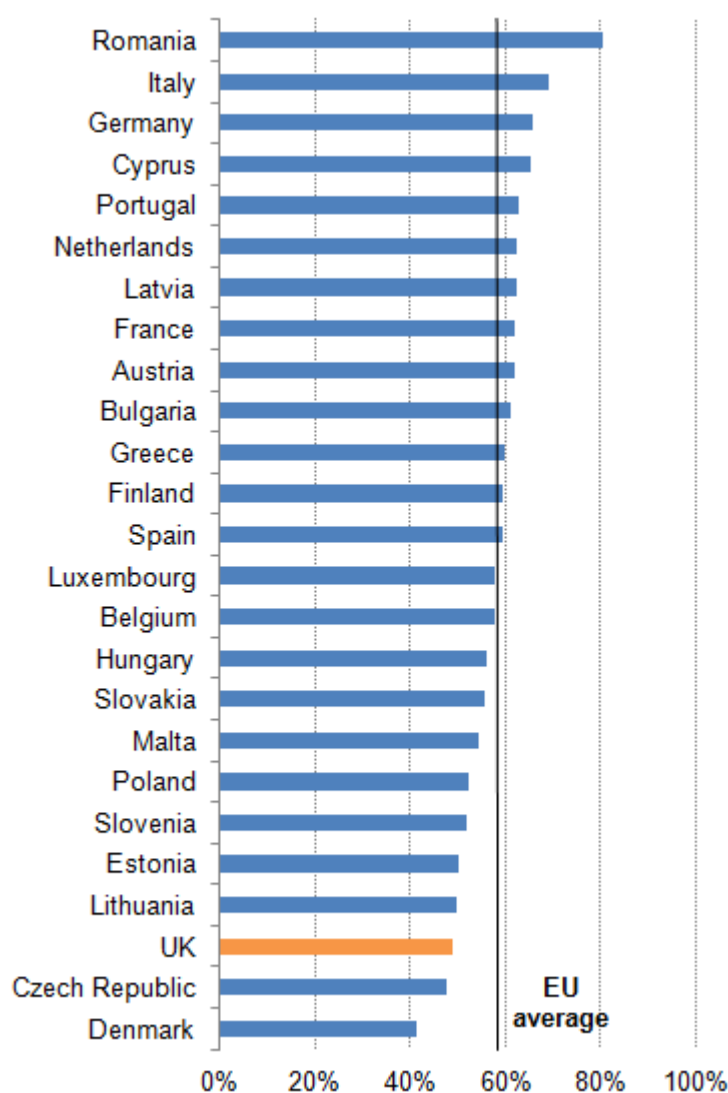
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Looking at poverty rates for individual EU countries (Figure 2), in 2013, the UK had one of the lowest levels of persistent poverty across the EU but had the 13th highest level of cross-sectional poverty out of the 28 member states.

This relationship between rates of persistent poverty and overall poverty can be most clearly seen when considering the ratio between the two rates expressed as a percentage (Figure 3). A ratio of 50% would suggest that half of those currently in poverty were also poor in at least two out of the last three years. In 2013, the UK had a ratio of 49% indicating that less than half of those in poverty that year had been persistently poor. This is one of the lowest of the EU countries for which data are available and below the EU average of 58%.

In contrast to the UK, the persistent poverty rate in Romania is 81% of the overall poverty rate for 2013; in Italy it is 69%. This suggests that in these countries the vast majority of people in relative income poverty experience it over a number of years. By contrast, in the UK, for those experiencing relative low income, it is more likely to be for a shorter period of time.

Figure 3: Rate of persistent poverty as a percentage of overall poverty across the EU, 2013.



Notes:

1. Source: Office for National Statistics, Eurostat
2. For Bulgaria, Romania and Greece, the ratio is calculated using 2012 poverty rates since these are the latest available for persistent poverty in these countries

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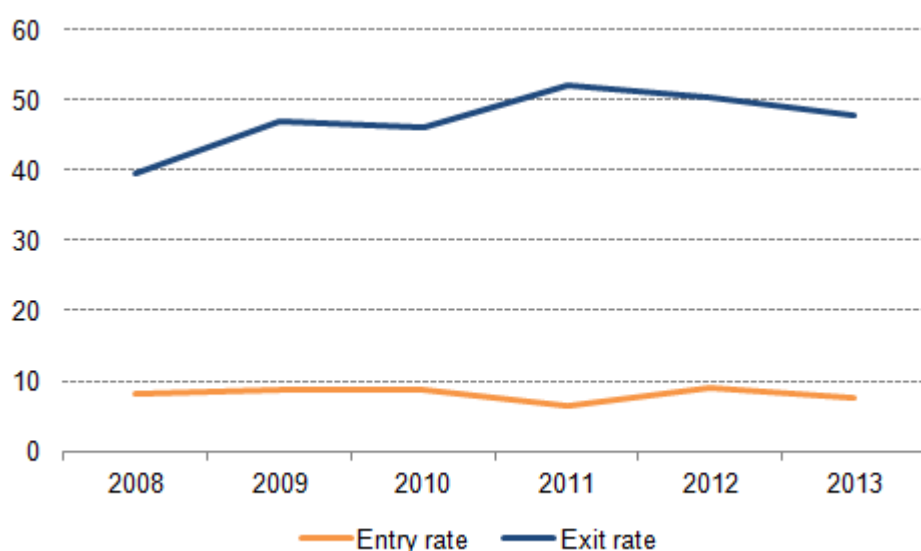
This conclusion is also supported by analysis of poverty entry and exit rates for the UK and other countries. The UK has been characterised as having high entry rates but also high exit rates, resulting in a high turnover of those in poverty (European Commission, 2012).

Figure 4 shows how entry and exit rates have changed over time for the UK. Poverty entry rates for the UK population as a whole have generally been fairly stable over the period between 2008 and 2013. However, they were at their lowest level in 2011 at 6.4%, which also corresponds to a peak in exit rates.

Exit rates for those in poverty increased gradually at the start of the period, peaking at 52.2% in 2011. This means that, in 2011, those in poverty the previous year had a slightly higher chance of leaving poverty than remaining in poverty.

Since then exit rates have fallen slightly to 47.8% in 2013, though this is still above the 2008 rate of 39.6%. This means that in the most recent period, an individual in poverty had a slightly higher chance of remaining in poverty than exiting poverty. This is the reverse of the situation in 2011 when an individual in poverty had a slightly higher chance of exiting poverty than remaining in poverty.

Figure 4: Poverty entry and exit rates for the UK, 2008-2013, percentage individuals

**Notes:**

1. Source: Office for National Statistics, Eurostat

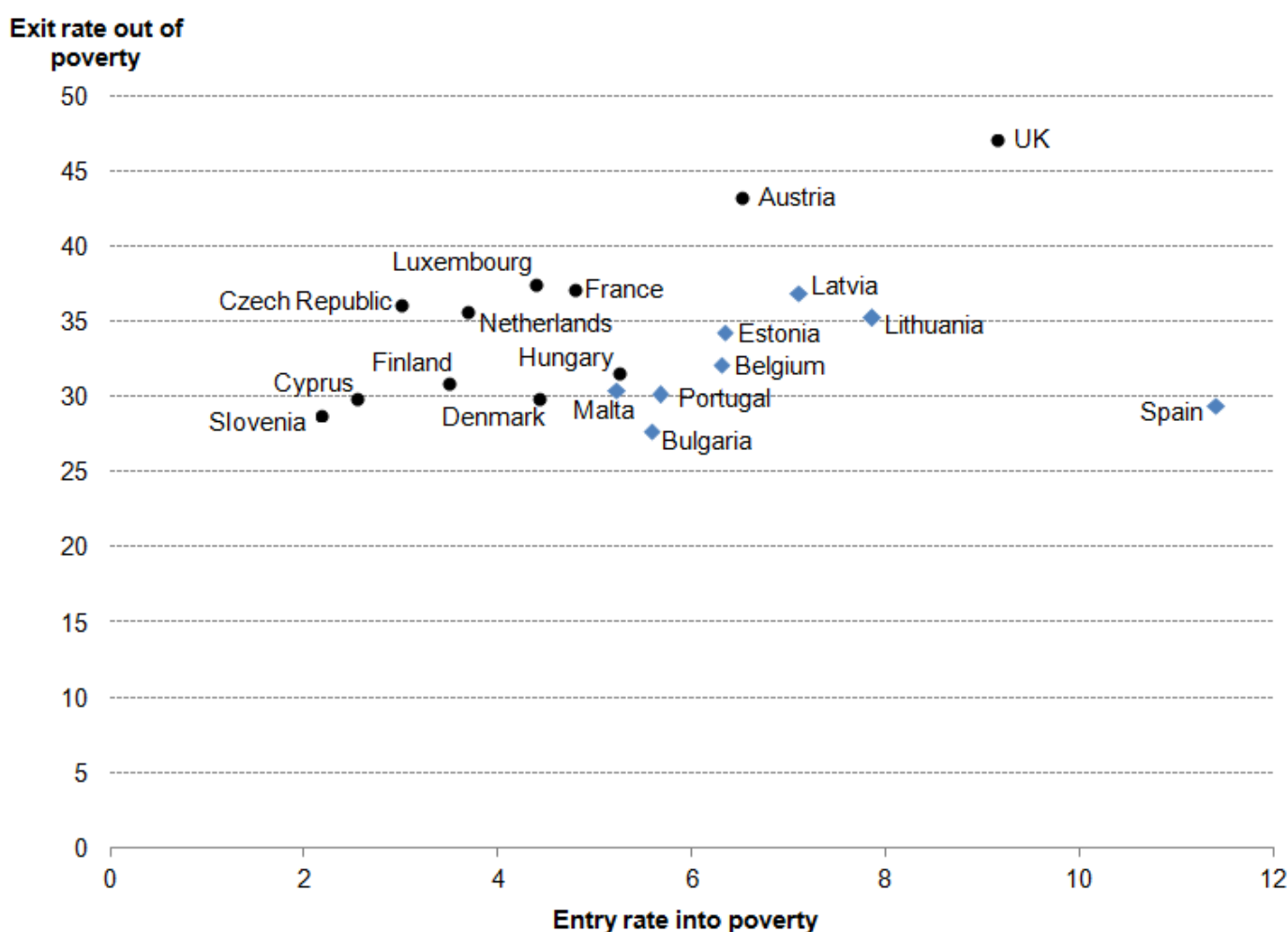
2. It is also possible to measure poverty transitions relative to the whole population. These are presented in the table supporting Figure 4 for reference
3. Because there are fewer people in poverty than not in poverty, it is to be expected that exit rates expressed as a percentage of those in poverty would be higher than entry rates as a percentage of those not in poverty; small changes in the number of people in each case would equate to a much larger percentage change for those in poverty

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Figure 5: Poverty entry and exit rates across the EU 2009-12, percentage individuals



Notes:

1. Source: Office for National Statistics, Eurostat User Database 2012, Version 1

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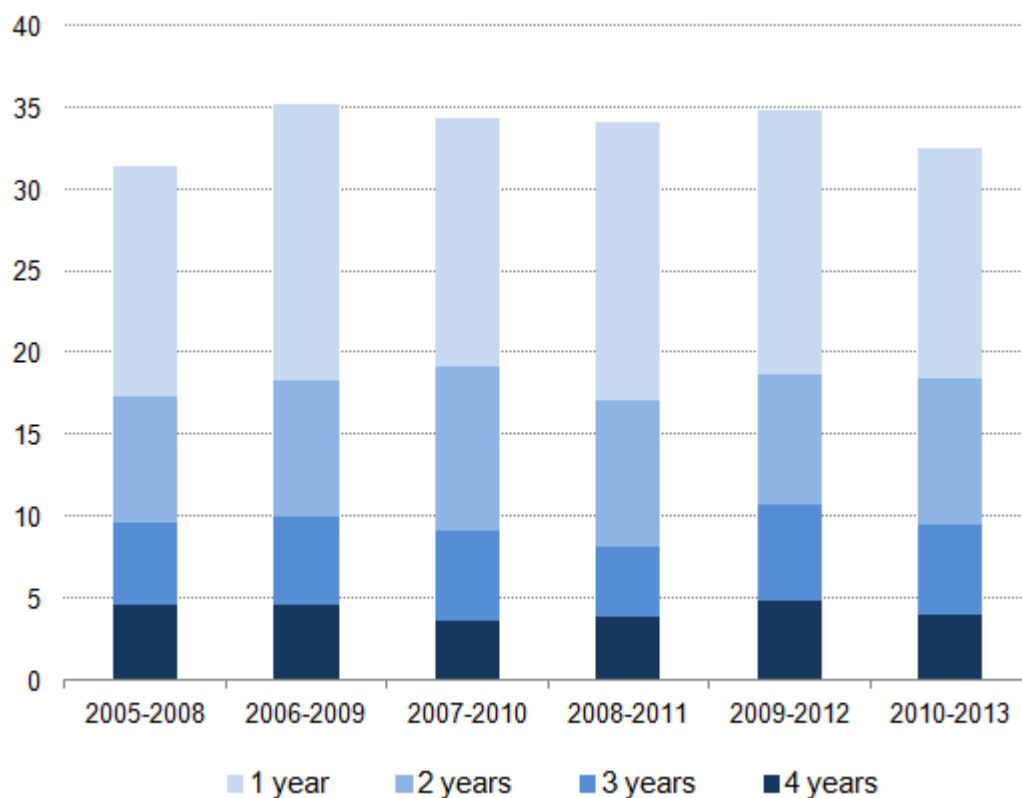
Figure 5 shows the relationship between poverty entry and exit rates for EU countries for which longitudinal data are available for the 2009-12 period; this is the latest period for which data are available for analytical purposes for other EU countries. The blue diamonds indicate countries where the proportion of persistently poor among those at risk of poverty was higher than the EU average in 2012, based on the rate of persistent poverty expressed as a percentage of overall poverty rates.

The figure reveals that, averaged over this period, the UK had the highest exit rate out of poverty, but also one of the highest entry rates. This means that in the UK, the chances of getting into poverty are relatively high, but the chances of getting out of poverty are also high, a finding consistent with the low level of persistent poverty in the UK relative to the overall poverty rate. The same pattern of high entry and exit rates are also observed in Austria. While the remaining countries are generally fairly clustered, Spain is separate from the cluster. For this period, Spain had the highest average entry rate into poverty combined with one of the lowest average exit rates, reflecting a high risk of people being trapped in poverty.

Years in Poverty

Looking at the percentage of the population by the number of years spent in poverty over a four year period (Figure 6) reveals that a much higher percentage of the population are impacted by poverty than the headline poverty rates capture. Around a third (33%) of the UK population experienced poverty at least once in the 4 year period between 2010 and 2013, equivalent to around 19.3 million people. This figure has remained fairly stable since 2008 (ranging from 31% to 35%). Over half of these spend two or more years in poverty.

Figure 6: Years in poverty in the UK in a 4 year period, 2005/08-2010/13, percentage population



Notes:

1. Source: Office for National Statistics, Eurostat

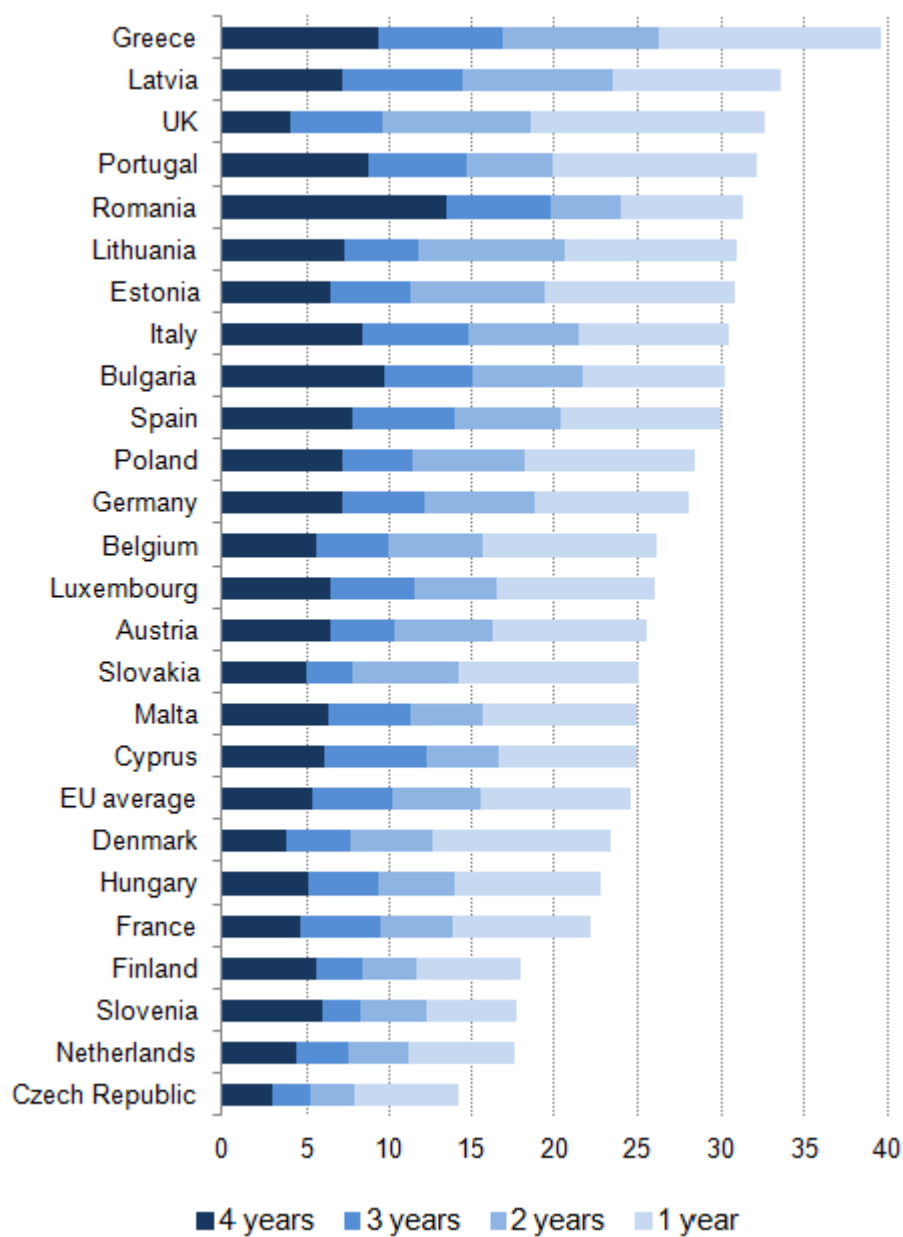
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Figure 7 shows how the UK compares with the rest of the EU in this respect for the period 2010 to 2013. Compared with other countries across the EU, a relatively high proportion of the population experience poverty at least once in 4 years; only Greece and Latvia have higher rates.

Figure 7: Years in poverty across the EU, 2010-13, percentage population



Notes:

1. Source: Office for National Statistics, Eurostat

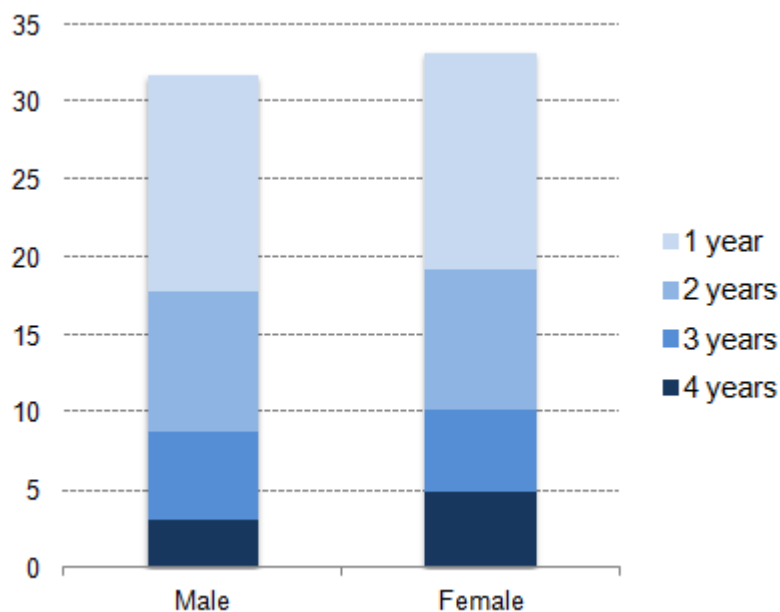
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Poverty by individual characteristics

The number of years spent in poverty between 2010 and 2013 for males and females is compared in Figure 8. This shows a negligible difference between the percentage of the female population that experienced poverty in this time period (33%) compared with the male population (32%).

Figure 8: Years in poverty in the UK by gender, 2010-2013, percentage individuals

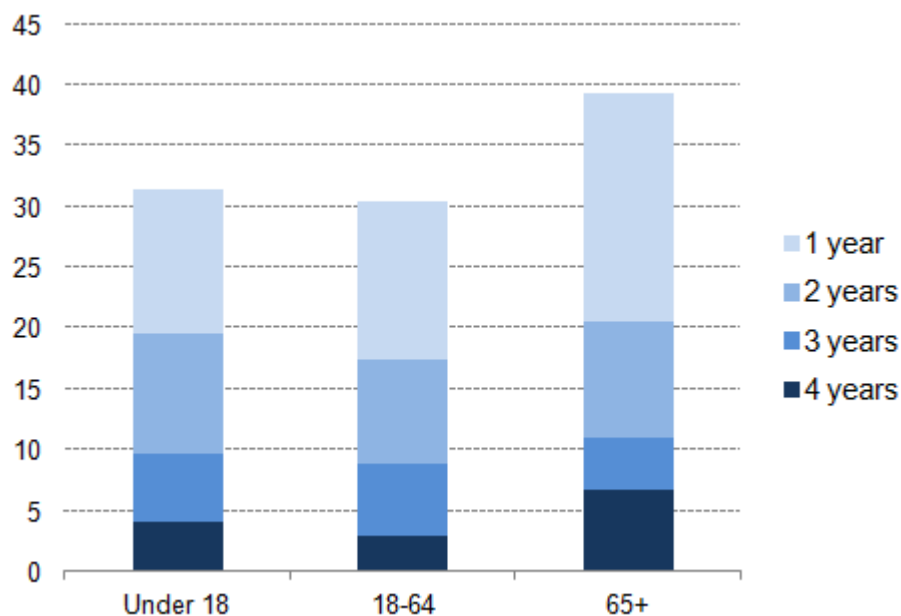


Notes:

1. Source: Office for National Statistics

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Figure 9: Years in poverty in the UK by age group, 2010-2013, percentage individuals**Notes:**

1. Source: Office for National Statistics

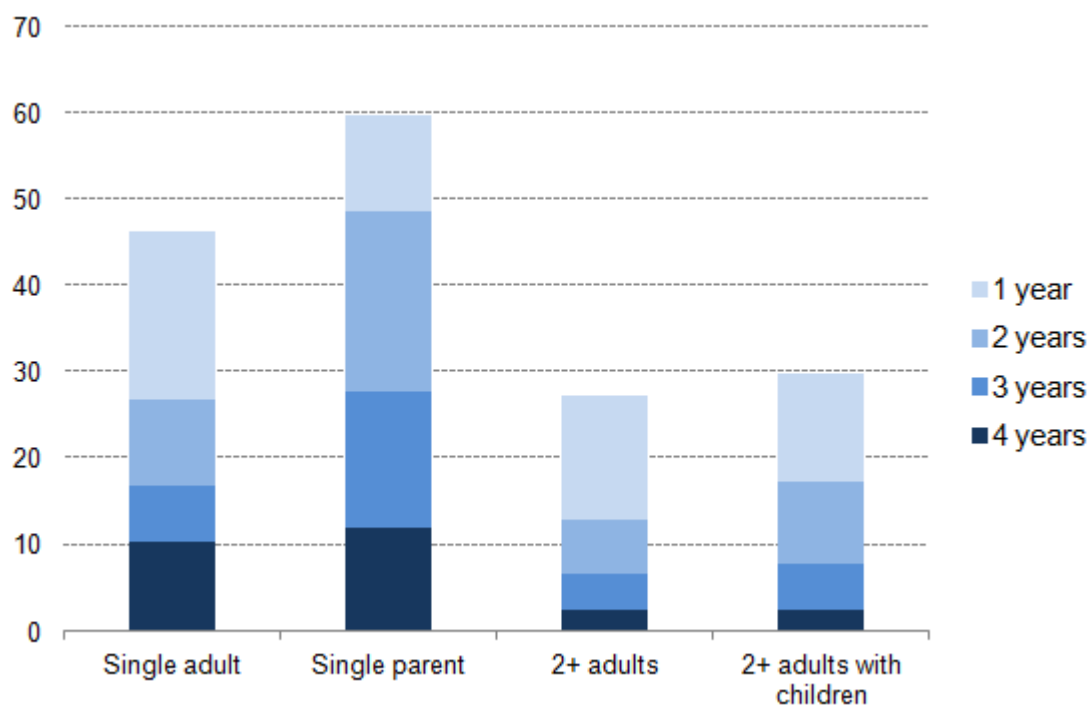
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Looking at the years spent in poverty for different age groups, the percentages of people experiencing poverty at least once in the 4 year period between 2010 and 2013 were similar for those aged under 18 and those aged 18 to 64 (Figure 9), with around 30% experiencing poverty at least once in this period. This contrasts with almost 40% of those aged 65 and over falling into poverty at least once. The difference is accounted for in part by those spending only one year in poverty, 19% for those aged 65 and over compared with 12-13% for the under 65s. However, those spending all 4 years in poverty also contributes to the difference; 7% of those aged 65 and over were in poverty in all 4 years, approximately double that of the under 18s (4%) and those aged 18 to 64 (3%).

Figure 10: Years in poverty in the UK by household composition, 2010-2013, percentage individuals



Notes:

1. Source: Office for National Statistics

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The number of years spent in poverty between 2010 and 2013 also varied by the type of household people were living in (Figure 10). Single parent households were more likely to experience poverty than other households, with almost 60% in poverty at least once and almost half of them in poverty for two or more years in the period. Single adult households were also more likely to experience poverty than households with two or more adults; 46% of single adult households experience poverty at least once in the period, compared with less than 30% for households with two or more adults. Of the households containing two or more adults, a larger proportion of those with dependent children (17%) spent two or more years in poverty than those without children (13%).

Background notes

1. The figures in this article are based on [European Union Statistics on Income and Living Conditions \(EU-SILC\)](#). EU-SILC is coordinated by Eurostat (the European Commission's statistical agency) under EU regulation and provides cross sectional and longitudinal data on income, poverty and living conditions across Europe. Until 2011, in the UK, EU-SILC was collected by the Office for National Statistics (ONS) using the General Lifestyle Survey (GLF).

2. Since 2012, cross-sectional [EU-SILC](#) data has been produced from the Department for Work and Pension's (DWP) Family Resources Survey (FRS), with longitudinal data produced using a follow-up survey known as the Survey on Living Conditions (SLC).
3. The data for other EU countries is collected by their National Statistical Institutes (NSIs). Overall EU figures are calculated by Eurostat and are computed as the population-weighted averages of the national figures.
4. The estimates of EU poverty rates and years in poverty were extracted from [Eurostat's online database](#) on 20th April 2015. Eurostat update their online database on a regular basis.
5. The income reference period for EU-SILC is the previous year for all countries except the UK, for which the income reference period is the current year, and Ireland, for which the survey is continuous and income is collected for the last twelve months.
6. The poverty entry and exit rates for EU countries were calculated using Eurostat's User Database 2012 version 1, microdata release of August 2014.
7. The [EU-SILC](#) data are weighted to take into account different probabilities of selection and levels of response for different types of household and individual.
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Appendices

Supporting Information

References

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Related Statistics and Analysis

Related publications produced by ONS include:

- [Intergenerational Transmission of Disadvantage in the UK & EU, 2014 Release](#)
- [Poverty and Employment Transitions in the UK and EU, 2007-2012](#)
- [Poverty and Social Exclusion in the UK & EU, 2005-2011](#)

Eurostat produce a number of new releases and articles based on EU-SILC. More figures for all EU countries are also available through their online database.

The [Households Below Average Income \(HBAI\)](#) series is an annual publication by the Department for Work and Pensions (DWP) which uses Family Resources Survey data. HBAI data are used to measure existing UK government targets to reduce poverty. The publication analyses the income distribution generally, and the numbers and characteristics of low income households using equivalised disposable income. The publication covering the period 2012 to 2013 was released by DWP on 1 July 2014. HBAI poverty estimates are not directly comparable with those produced for EU-SILC. This is primarily because the two indicators use different definitions of disposable income. HBAI is the preferred UK policy measure, due to its larger sample size. EU-SILC is used for this

article since it provides both cross-sectional and longitudinal estimates, as well as enabling cross-European comparison.