Poverty data and impact

Old stories and new challenges

Professor Donald Hirsch
Loughborough University
Where I came in (1980s):
“A rising tide lifts all ships?” No!

Percentage increase in real income 1979-91/92, by income decile group
(from John Hills Inquiry)

Source: Hills Enquiry, 1995
Median income and relative poverty rates since 1979

1979-94: “Rising tide” leaves poorest beached: relative poverty up sharply
1995-2005: poorest groups surf still rising tide: relative poverty falls
Since 2005: tide rising more slowly. Poverty stuck at high level

Changes in poverty indicators, 2017/18 to 2022/23

- Number of people living in destitution: 148%
- Number of Trussell Trust food parcels: 121%
- Number of people living in relative poverty: 2%
- Number of people living in "absolute" poverty: -4%

Sources: JRF, Trussell Trust, HBAI
Changing contexts

- Median growth in household incomes

<table>
<thead>
<tr>
<th>Decade</th>
<th>Annual Median Households Income Growth</th>
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<tbody>
<tr>
<td>1980s</td>
<td>2.5%</td>
</tr>
<tr>
<td>1990s</td>
<td>2.3%</td>
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<tr>
<td>2000s</td>
<td>1.4%</td>
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<td>2010s</td>
<td>0.8%</td>
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<td>2020s so far...</td>
<td>0.0%</td>
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Changing contexts

• Material deprivation taking more clear-cut forms

Poverty and Social Exclusion Survey: % of adults saying unable to afford two meals a day

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<tbody>
<tr>
<td>1983</td>
<td>4%</td>
<td></td>
<td></td>
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<tr>
<td>1990</td>
<td>1%</td>
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</tr>
<tr>
<td>1999</td>
<td></td>
<td>(1%)</td>
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<tr>
<td>2012</td>
<td></td>
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<td>3%</td>
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Source: poverty.ac.uk

Family Resources Survey: % of working age adults facing food insecurity

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<thead>
<tr>
<th></th>
<th>2019/20</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
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<tbody>
<tr>
<td>2019/20</td>
<td>8%</td>
<td>7%</td>
<td>7%</td>
<td>11%</td>
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Source: HBAI
Changing contexts

Discontinuities:

• Pandemic

• Sudden burst of inflation
Changing contexts

• Growing data resources, especially *longitudinal*...

  Eg Understanding Society (UKHLS)

  Wealth and Assets survey (good for savings and debt)

  English Longitudinal Survey on Ageing (underused?)
Changing contexts

• Growing data resources, especially longitudinal and administrative

  Eg Children in low income families:

  • Administrative data linked to survey definitions of child poverty
  • Influence of administrative data in understanding poverty and place
  • Practical tools for local bodies including councils.
  • Interaction between use of data and improvements in its quality: started with very flawed local child poverty data; now uses tax and social security admin data.
Changing contexts

• But also growing data challenges?
  - Maintaining response rates
  - Maintaining data quality with less face-to-face
  - Identifying limitations and using multiple sources
Changing contexts

• New indicators

- **Minimum Income Standard** for the first time allows income to be monitored against benchmark of NEED

- **Destitution** surveys greatly improve data on people on lowest income, including non-households

- **Below Average Resources** measure looks at more data on net resources:
  Weekly income after housing costs
  Plus liquid assets divided over a year
  Minus spending on childcare, cost of disability (benefits),
  Ideally, minus debt (pending), other “inescapable costs (home energy, travel to work)”
Changing contexts

New indicators: The growing significance of deep poverty

Diagram: Poverty and deep poverty since 1979

Below 60% median

Below 40% median

SOURCE:
Changing contexts

New indicators: The growing significance of deep poverty

Four research insights on contemporary questions

1. How was Covid affecting low income households?

- Pooled knowledge and combined methods (quali, quant and voice of those affected)

- Adapted to restrictions on some forms of research (eg launched online surveys)

- Timely findings

- Made a difference: understanding of how tough for people on low incomes. Added to debate about UC uplift

https://covidrealities.org/
Four research insights on contemporary questions

2. How high was inflation for low income households?

Burst of inflation now subsided.

Basic benefits 21% higher than in 2021. Very similar to rise in CPI.

**BUT** food 30% and home energy 75% higher

“Real” inflation rates very complex

ONS expenditure analysis – but doesn’t measure needs

abrdn/Loughborough “decent living index” tracks price changes in essential items.

Shows substantially higher inflation rates than CPI, varying by household types.
Four research insights on contemporary questions

3. How is debt affecting ability to afford necessities?

Cost of living crisis data suggests running down of assets/accumulation of debt

Income becomes less deterministic if affordability interacts with assets and debt.

Loughborough study for Christians Against Poverty: debt profoundly affecting ability to reach an acceptable minimum

Four research insights on contemporary questions

4. How important is informal/family support to the experience of poverty?

Income alone doesn’t account for informal resources/social capital

Informal support increasingly important in unstable world; can’t rely on state.

UK qualitative longitudinal study shows huge influence of informal support in being able to maintain acceptable living standards with unstable household incomes

(Hill et al., 2020 https://doi.org/10.1017/S1474746420000184)

US systematic review shows uneven social capital among lone parents creates big vulnerabilities
(Radey, 2018, https://doi.org/10.1007/s10826-018-1223-0)
Conclusions

Research on poverty needs to –

• Be versatile: responding to changing agendas

• Draw from multiple sources, corroborating findings, from qualitative and quantitative sources

• Avoid focusing on one line. Spectrum, from decent living standard to destitution

• Play for high stakes in terms of impact