

MONITORING POVERTY AND SOCIAL EXCLUSION 2015

This annual review by the New Policy Institute brings together indicators covering poverty, work, education and housing. It looks at changes over the last parliament and identifies key challenges.

Key points

- In 2013/14, over 13 million people in the UK lived in low-income households. This figure was largely unchanged from the previous year and, as a proportion of the population, a decade earlier, but the mix has changed.
- Just over half of those in poverty live in working families. As many live in privately rented as in social rented housing. More people aged 16–24 are in poverty than those over 65.
- In mid-2015, the number of unemployed people was, at 1.8m, the lowest since 2008. As unemployment falls, so does the number of Jobseeker's Allowance (JSA) claimants. But claimant numbers are falling faster than the number unemployed; 43 per cent of unemployed people do not claim JSA, compared with 35 per cent in 2014.
- The number of JSA claimants whose benefits were stopped following sanctions dropped last year, in line with the falling claimant count. However, it is still around double the rate of the mid-2000s, from a similar claimant count.
- Since 2010, the number of households accepted as homeless has risen, as have the numbers in temporary accommodation and those placed in temporary accommodation outside their home area.
- The private rented sector, where a larger proportion of people in poverty live, is increasingly the source of homelessness. Much of the rise in homelessness in the last five years has been through families reaching the end of their private rented tenancies.
- Geographical variations in educational attainment among children in poverty are large. Every London borough is now above the England and Wales average; performance in parts of eastern England is poorer.

The report

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Poverty

In 2013/14, the most recent year of available data, 13.2m people in the UK were living in poverty: 21 per cent of the population, largely unchanged from the previous year. This proportion was identical to that in 2003/04, but the mix of people in poverty has changed. Table 1 summarises three of the main changes – by age, tenure and family work status.

Table 1: People in poverty (millions) measured after housing costs

	2003/04	2013/14
Children	3.7	3.7
16–24	1.3	1.7
25–44	3.1	3.5
45–64	2.4	2.9
65+	2.0	1.4
In working families	5.2	6.7
In workless or retired families	7.3	6.5
Social renting	4.9	4.4
Private renting	2.3	4.3
Owner occupiers	4.8	4.1

Source: Department for Work and Pensions, Households Below Average Income data.

Over the last decade, the number of children in poverty has remained at 3.7m and fell only slightly in percentage terms from 29 to 28 per cent, while the population has grown. The number of 16–24 year olds in poverty rose from 1.3m to 1.7m, while pensioner poverty fell. More young adults are now in poverty than over-65s.

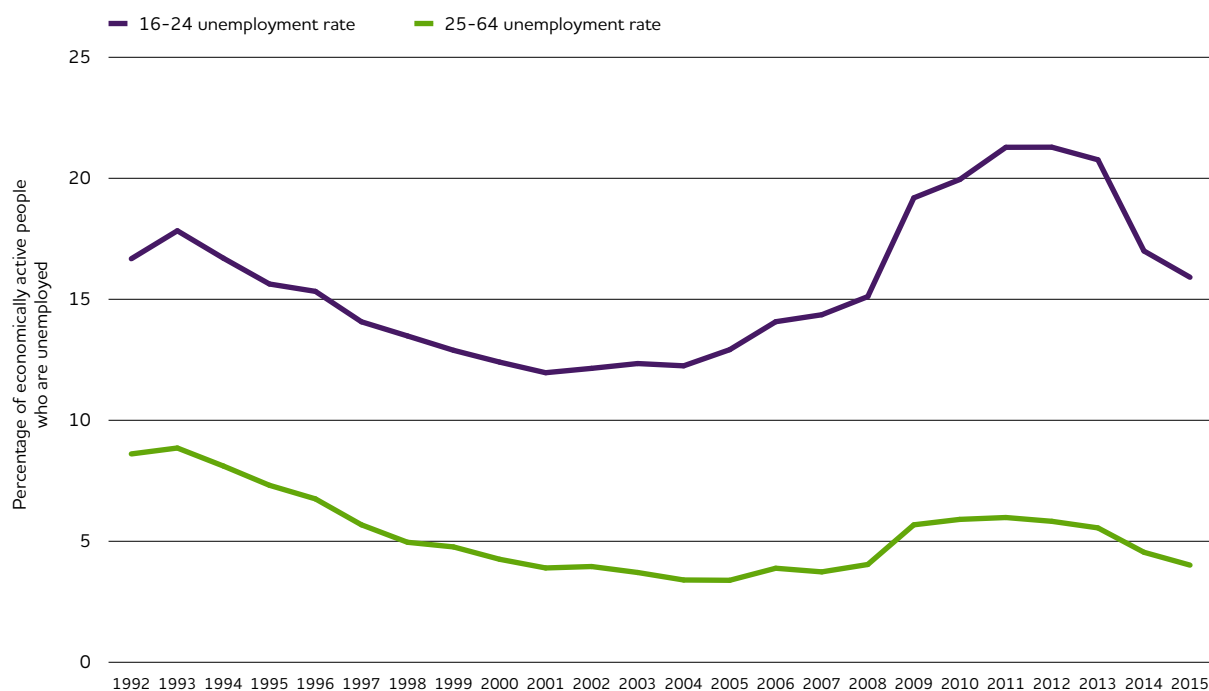
The number of people in low-income, working families has risen from 5.2m to 6.7m, and now stands just above that for workless or retired families (6.5m). A decade ago, half as many people in poverty lived in the private rented sector (PRS) as in social renting or owner occupying; the figures are now similar for each, at between 4.1m and 4.4m.

When considering poverty, costs and savings are important as well as income. Over the last decade, people in the bottom fifth of income distribution saw their living costs increase faster than average, as they spend more money on essentials such as heating, lighting and food, where costs rose faster. At the same time, the proportion of families in the bottom fifth with no savings rose to 69 per cent. Although the proportion rose for all income groups, those on lower incomes were more than twice as likely to lack savings as those on average incomes.

Work and benefits

The labour market has been the big success story of recent years. Figure 1 shows how unemployment has fallen for under-25s and the population as a whole since 2013.

Figure 1: Unemployment 1992–2015



Source: Labour market statistics, Office for National Statistics.

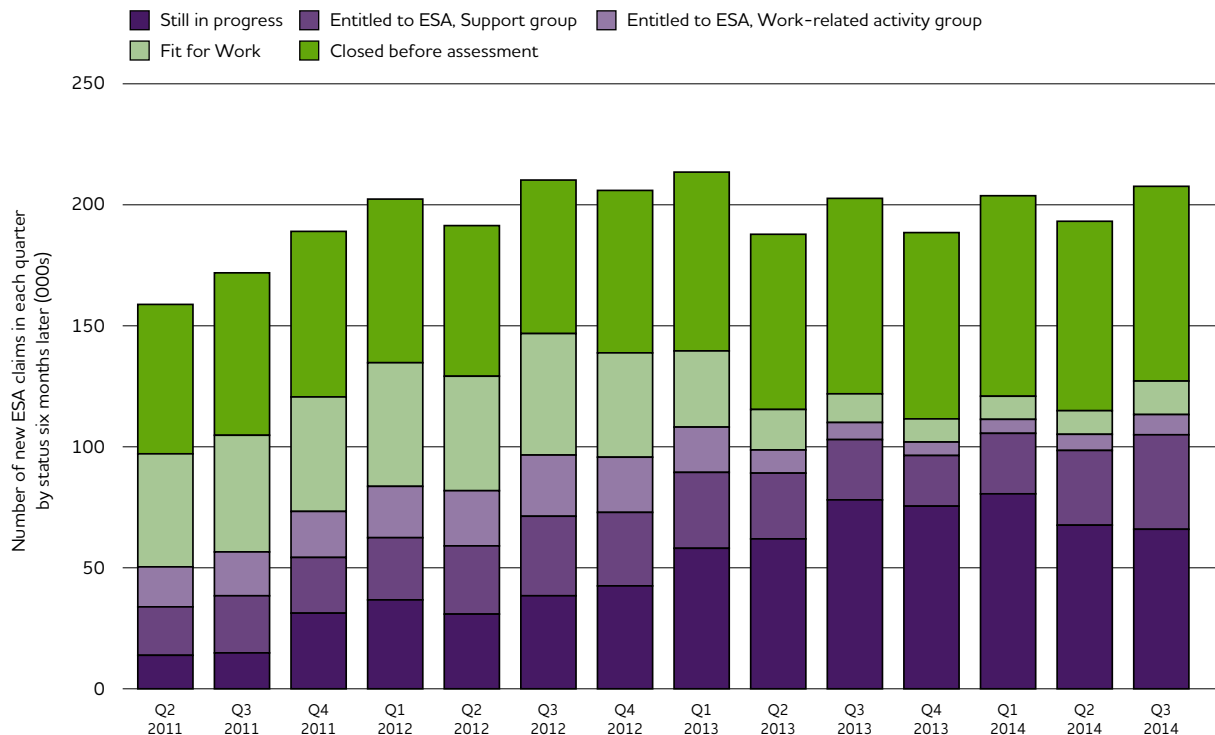
The unemployment rate for young adults peaked in 2011 at 21 per cent; the rate for the rest of the working-age population was then 6 per cent. Both have since fallen, to 16 and 4 per cent respectively. Other indicators confirm these positive trends. For instance, the proportion of working-age households with no working adult is the lowest since at least the mid-1990s; it was 16 per cent in 2014, compared with 18 per cent a decade earlier. At 68 per cent, the proportion of lone parents in employment is now the highest in at least 20 years; it was 48 per cent in 1996.

Other trends are not so positive – the number of part-time workers wanting a full-time job is still higher than in 2009, and 600,000 people on temporary contracts want permanent ones, compared with 400,000 before the recession. Overall, though, labour-market performance has been good.

As a result, claimant numbers for out-of-work benefits have fallen, particularly for Jobseeker's Allowance (JSA). However, the fall in JSA claimants has been steeper than the fall in unemployment. In the year to mid-2015, on average 900,000 people were claiming JSA, while 1.6m people were unemployed and eligible to claim; 43 per cent of eligible unemployed people did not claim JSA, compared with 35 per cent in 2014. The falling claimant count has also led to a reduction in the numbers receiving JSA sanctions. However, at 500,000 in the latest full year, it is still around double the mid-2000s level, from a similar claimant count. The number of people claiming Income Support has fallen, mainly as eligibility criteria for lone parents have become tighter.

One notable change is the recent rise in the numbers claiming Employment and Support Allowance (ESA), the replacement for Incapacity Benefit (see Figure 2). Having fallen in nine of the previous ten years, it rose by 74,000 last year. Moreover, the process for assessment is very slow. While the number of people found ineligible for ESA has been falling, around 70,000 people who made a claim in the fourth quarter of 2014 were still awaiting a decision six months later.

Figure 2: ESA claims, 2011–2014



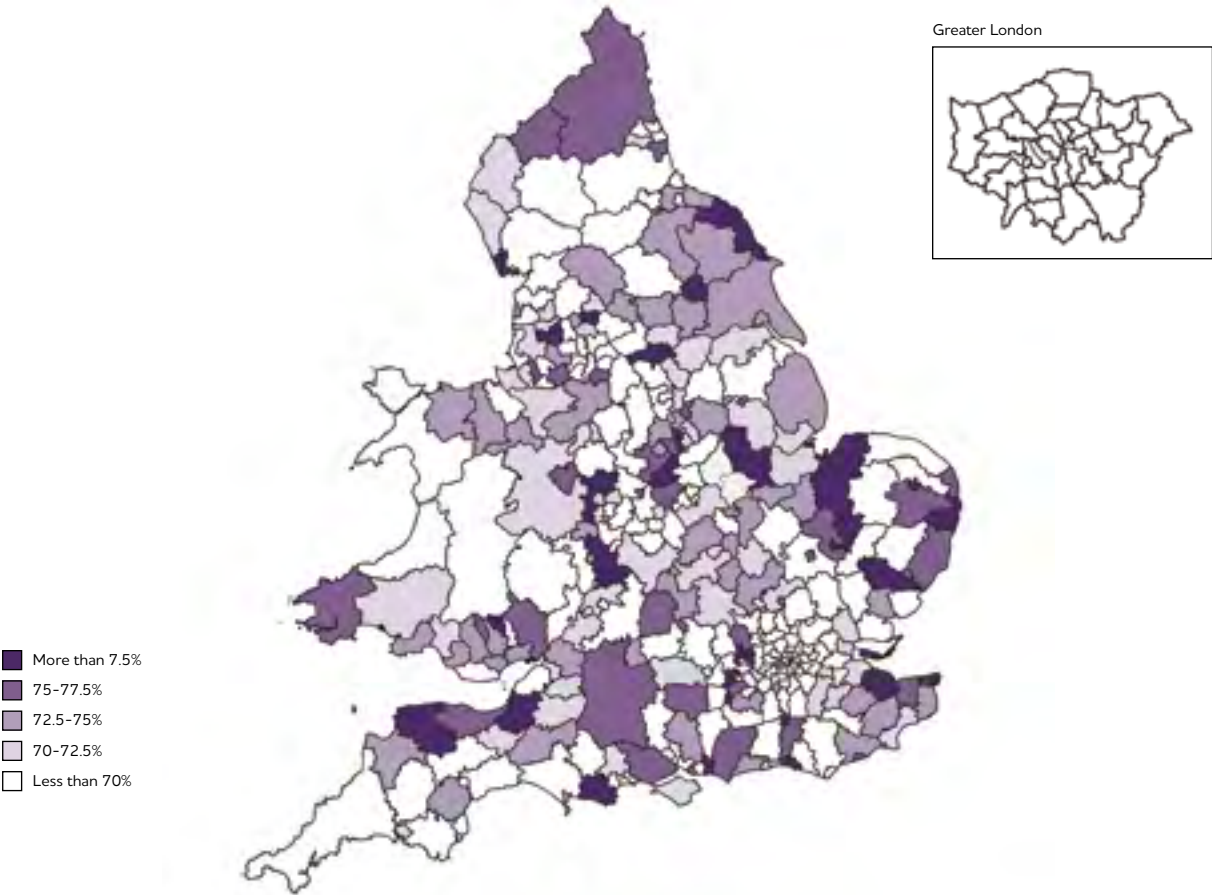
Source: Outcomes of work capability assessments for ESA, Department for Work and Pensions: the data is for Great Britain.

Note: A large number of claims started each quarter were still in progress 3-6 months later. The number of claims assessed as 'fit for work' (ineligible for ESA) has been falling.

Education

Education is a principle focus of the government's anti-poverty policy. A key measure is the gap in attainment between more deprived pupils and the average. Over the last five years, the proportion of pupils on free school meals lacking five good GCSEs (A*–C including mathematics and English) fell from 73 to 63 per cent. The equivalent proportion for other pupils fell also, from 46 to 36 per cent. So the gap remained at 27 percentage points. Figure 3 shows, for England and Wales, the proportion of pupils aged 16 receiving free school meals who did not attain five good GCSEs.

Figure 3 : Proportion of children receiving free school meals not attaining five GCSEs at A*–C including mathematics and English



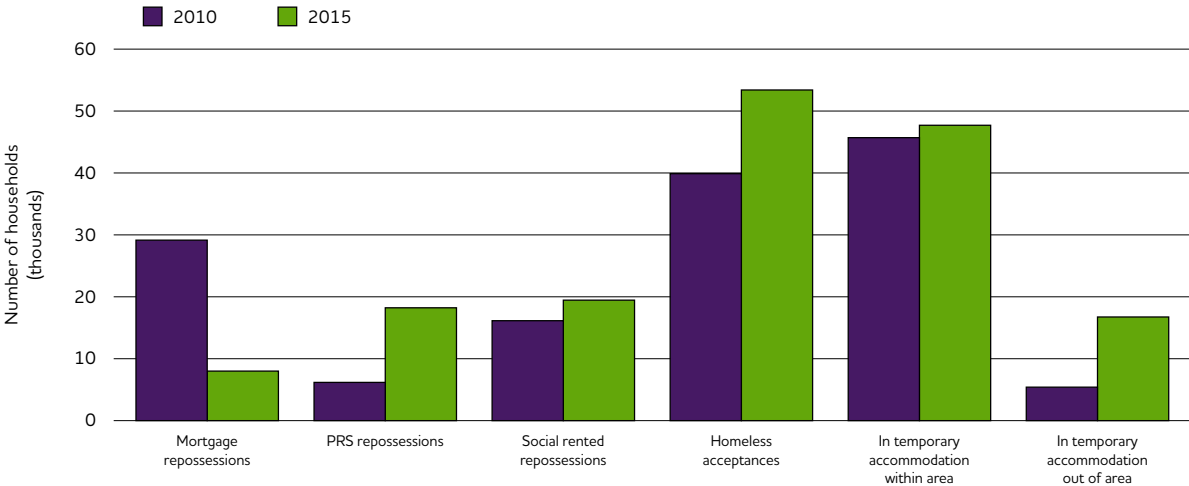
Source: Department for Education and Welsh Government, the data is for 2014

Two points stand out. One is the very good performance of London boroughs in attainment by children on free school meals. All boroughs are above the England and Wales average. The second is the poor performance of areas in the east of England, particularly East Anglia, but also parts of the south-east coast.

Housing

Many of the most negative and concerning indicators relate to housing and homelessness; Figure 4 shows how key homelessness indicators have changed since 2010.

Figure 4: Homelessness indicators (England)



Source: Ministry of Justice and Department for Communities and Local Government.

The number of households accepted as homeless rose from 40,000 to 53,000 between 2009/10 and 2014/15. Most of the rise was in the south of England. The main cause of the rise is the ending of a tenancy in the private rented sector. This rise in homelessness has led to an increase in the number of families placed in temporary accommodation, including greater numbers being accommodated outside their home area, up from 5,500 to 17,000.

Mortgage repossessions have fallen since 2010, from 29,000 to 8,000, but evictions from rented accommodation have risen. In the private rented sector, evictions have trebled in five years from 6,000 to 18,000. The social rented sector has seen a smaller rise, from 16,000 to 19,500.

One trend stands out in the longer-term picture. The number of children in poverty living in the private rented sector has doubled in the last decade, and now stands at 1.3m. In terms of who rents privately, an increasing number of tenants are young families.

Conclusion

The last few years have seen little change in the headline numbers of people in poverty, as cuts in welfare for some have been balanced by increasing employment for others. Beneath the surface, however, there have been big changes. Poverty has grown among working families, private renters and the under-25s.

The main challenges for the coming years are in the labour and housing markets. The increase in employment needs to translate to an increase in well-paying, secure work – essentially, building on the good news of the last couple of years. Fixing the housing market is, if anything, more important. People cannot work their way out of poverty if they do not have a secure, affordable home.

FOR FURTHER INFORMATION

The full report, *Monitoring poverty and social exclusion 2015* by Tom MacInnes, Adam Tinson, Ceri Hughes, Theo Barry Born and Hannah Aldridge, is published by the Joseph Rowntree Foundation. It is available as a free download from www.jrf.org.uk/mpse-2015

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