

26 November 2019

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**Economic Commission for Europe**

Conference of European Statisticians

**Expert meeting on measuring poverty and inequality: SDGs 1 and 10**

Geneva, Switzerland

5–6 December 2019

Item D of the provisional agenda

**Longitudinal poverty measures**

**Trends in Persistent Poverty in the United Kingdom**

**Note by the Office for National Statistics, United Kingdom\***

*Summary*

This paper will examine how compare trends in poverty and persistent poverty in the UK with the rest of EU member states. This will shed light on the fluidity of poverty within the UK, describing the routes in and out of poverty, before describing the lived experience of those in poverty.

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\* Prepared by Dominic Webber.

## **Defining Poverty**

The definition of poverty used within this paper is at-risk-of-poverty, and people are defined as such if they live in a household with an equivalised disposable income that falls below 60% of the national median in the current year. Persistent poverty is defined as being in poverty in the current year and at least two of the three preceding years. This type of relative indicator does not measure absolute wealth or poverty, but low income in comparison with others living in the same country, which in itself does not necessarily imply a low standard of living.

## **Poverty and Persistent Poverty in the UK and across Europe in 2017.**

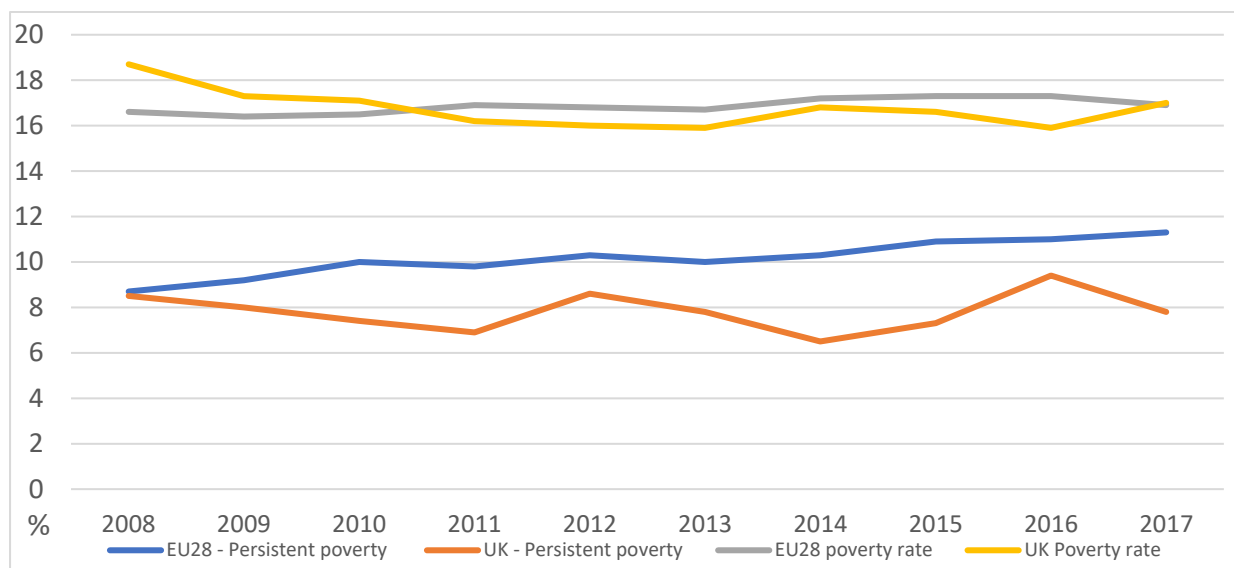
In 2017, the UK's and the EU's average poverty rates were similar with the UK's at 17% while the EU's was 16.9%.

In 2017, the persistent poverty rate for the UK was 7.8% – the eighth lowest in the European Union and 3.5 percentage points lower than the EU28 average rate of 11.3%. Among EU member states, Czechia has the lowest persistent poverty rate, while Romania has the highest – 4.4% and 19.1%. France and Slovenia have similar persistent poverty rates to the UK – 8.0% and 8.2% respectively.

Countries have, for the most part, similar poverty and persistent poverty rates as their neighbours. For example, the Nordic countries (Sweden, Norway, Denmark, and Finland) all have lower than average poverty and persistent poverty rates. The Baltic states (Latvia, Lithuania, and Estonia) and countries in the Balkans (Romania, Bulgaria, North Macedonia and Serbia) all have higher than average poverty and persistent poverty rates. One exception is Czechia, which has lower poverty and persistent poverty compared with neighbouring countries.

## **Persistent Poverty over time**

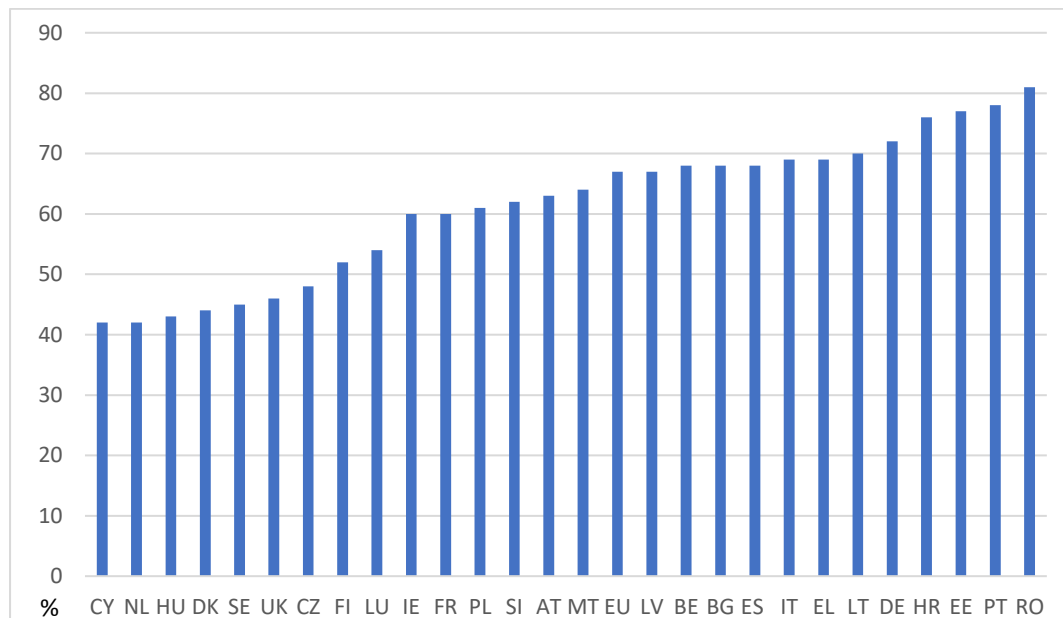
**Figure 1: Persistent Poverty and Poverty rates for the UK and the EU28 from 2008**



Between 2009 and 2017, the UK's overall poverty rate is broadly comparable with the average of EU member states, both fluctuating between 15.9% and 17.3%. In contrast, the UK persistent poverty rate was lower than the EU average over the same period. While the UK has remained at a broadly similar level (8.5% in 2008 and 7.8% in 2017), the EU average has been slowly rising over the decade. This has led to a widening gap over the long-term, so that in 2017 the EU persistent poverty rate was 3.5 percentage points higher than the UK's.

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. 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.

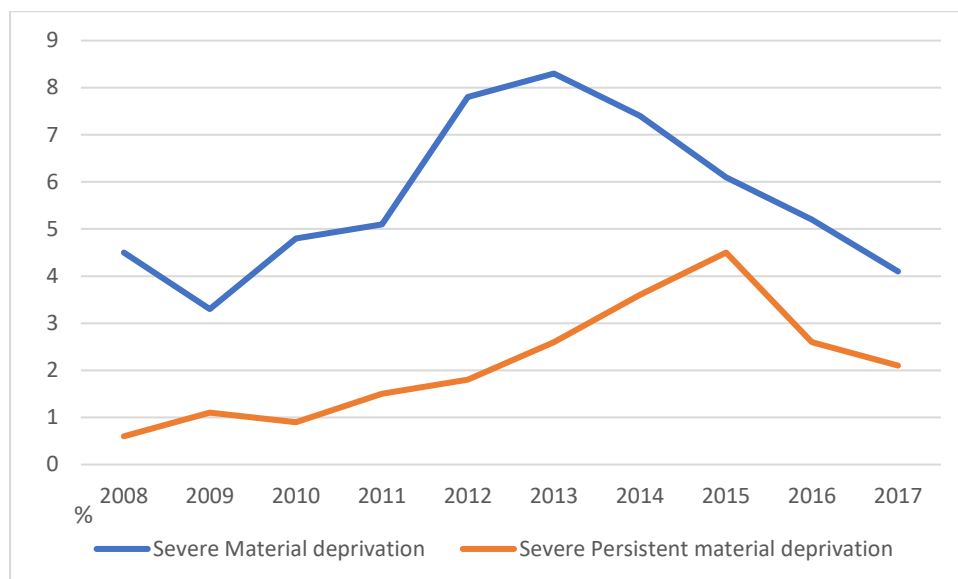
**Figure 2: The proportion of those in poverty who are persistently in poverty, UK and EU28 countries, 2017**



In 2017, 46% of the people in the UK who were in poverty were also in persistent poverty. This is the sixth lowest of EU member states and 21 percentage points below the EU28 average (67%). This indicates that people in poverty in the UK are relatively more likely to exit poverty quickly, rather than it being a longer-term phenomenon. In this regard, the UK is similar to Sweden and Czechia, although in Czechia individuals are overall less likely to enter poverty. Cyprus has the lowest proportion of individuals in poverty and persistent poverty (42%), while Romania has the highest (81%).

### **Severe Material Deprivation**

Focussing on measures based purely on household income, do not fully provide a picture of an individual's lived experience. For example, income tends to be volatile and, as such, it may not adequately reflect an individual's well-being. Short-term unemployment or sickness may cause a temporary reduction in income, which will not necessarily be matched by a corresponding drop in consumption or well-being. Similarly, more systematic lifetime fluctuations that lead to a reduction in income may not adversely affect their consumption, as people might be spending their wealth, for example.

**Figure 3: Severe material deprivation and severe persistent material deprivation, UK, 2008 to 2017**

Severe material deprivation describes the proportion of individuals in the population who are unable to afford four or more items considered by most people to be desirable or even necessary for everyday life. The severe material deprivation and persistent severe material deprivation rates were 4.1%, and 2.1% respectively in 2017. This suggests that just over half of those who are in material deprivation are in persistent material deprivation. For those in poverty, as a comparison, under half of them were also in persistent poverty.

Severe material deprivation has decreased by nearly 1 percentage point each year in the last four years, falling 4.2 percentage points from 8.3% to 4.1% in-between 2013 and 2017. Persistent material deprivation has been on a downward trend since 2015, after increasing from 2008 although at a slower rate, falling 1.5 percentage points from 3.6% to 2.1%.

Poverty and persistent poverty rates are positively associated with severe material deprivation. In 2017, of those who were in poverty, 13.2% of individuals were severally materially deprived, while 7.3% were in persistent material deprivation. While, out of those who were persistently in poverty 18.5% of them were also in material deprivation and 10.4% were in persistent material deprivation. Those who were not in poverty had a lower material deprivation with 2.3% of individuals being in material deprivation, while 1% were in persistent material deprivation.