

Poverty: A Briefing Paper



This report is one in a series profiling Poole produced by the Corporate Research Team. These reports have been designed to help inform service and policy planning, by summarising available research and statistical evidence. They provide a top level view of specific subject areas and also identify contacts, websites and publications for those people who would like more detailed information.

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Introduction

The proper analysis of poverty - how to measure it, how to reduce it, how to monitor it – is an extremely complex and controversial issue. Every definition of poverty is open to criticism but there is now a consensus that any definition should refer to *relative* rather than *absolute* poverty.

Poverty at any stage in life is highly correlated with other negative outcomes such as low life expectancy, poor health and criminal behaviour.

The government has set great store in reducing poverty. It has been notably successful in some respects - particularly in the reduction in poverty among pensioners - but has also failed to meet its targets in other respects. (Its target to reduce child poverty by 25% over a six year period has not been achieved.)

The on-going *Monitoring Poverty and Social Exclusion Project*, by the New Policy Institute, supported by the Joseph Rowntree Foundation, is an exemplar in the rigorous analysis of poverty and social exclusion. We recommend that the reader visit the associated website at <http://www.poverty.org.uk/> where 50 indicators are listed and analysed. Reports on poverty can also be downloaded. The analysis is at a national level.

The main conclusions of the latest report ¹ include the following national observations:

- ❑ **About 50% of children² living in poverty do *not* live in workless households.** It follows that the government's claim that 'work is the route out of poverty' is not true for many people.

¹ *Monitoring poverty and social exclusion, 2006*, Guy Palmer *et al*, Joseph Rowntree Foundation and the New Policy Institute, 2006

² A child is a person aged 0-15

- ❑ Although poverty has been reduced among pensioners, **it has not been reduced among working-age adults**
- ❑ **Earnings inequalities are widening** (75% of the extra income generated over the last decade has been distributed to richer households.)
- ❑ **One in four 19-year olds have poor educational attainment.** (That is, their maximum attainment level is at NVQ1 or GCSE.) This matters, for low educational attainment at this age is highly correlated with being poor in adult life.

Defining and measuring poverty

It is essential to understand that current definitions of poverty are *relative* rather than absolute. Generally, a household is said to be in poverty **if its household income is less than 60 percent of the GB median household income**. Note that the definition is focussed on households. A person is in poverty if he or she lives in a household which is in poverty.

The question as to what is meant by “household income” also needs to be addressed. Some authors take it to be

(a) income from all sources

and others take it to be

(b) net disposable income (after housing costs, benefits, council tax and income tax have been considered).

Thus a home owner living in an area with high house prices might not be in poverty under definition (a) but be in poverty under definition (b) of income.

Unless otherwise stated, all references to numbers or percentages living in poverty in this report use definition (b) above of income.

Note that benefit payments may remove from poverty some who otherwise would be in that state, that many will remain in poverty even with the payments of benefits and many working people also find themselves in poverty.

It should be emphasised that while national surveys can yield reliable data on household incomes, it is difficult to get statistically reliable data on household incomes at a local level.

A common approach to surmount this problem is to look at the distribution of Mosaic or Acorn socio-economic types and then assign to each household of each type within a local area the average national household income for that type. This has its own problems: in the first place, the typing may be incorrect and second, great care should be exercised in applying the method to areas where wages vary significantly from the national average.

Child Poverty

The government set itself the objective of reducing the number of children living in poverty by 25% between 1998/99 and 2004/5. This objective was not achieved, no matter which of the two definitions of income is used. Respectively, the reductions were 17% and 23%.

Using PayCheck data, supplied by CACI and subject to the caveat mentioned above, we find that 24% of all children in Poole were living in poverty in 2005 using definition (a) above of income. To put this in perspective, Poole is in the top performing 30% of all county/unitary authorities with respect to child poverty. (The worst authority was Kingston-upon-Hull with 40% child poverty rate and the best was Wokingham with 11%³.)

Figures on the numbers of children living in “not in work” benefit households are available at ward level and are shown in Table 1 below. It can be seen that nearly 16% of 0-15 year olds are living in such households in Poole. The corresponding figure for Great Britain is 21%.

Table 1. Children in not in work benefit-dependent households, 2005

Ward Name	0-15 living in not in work benefit households Count	0-15 living in not in work benefit households Percent of 0-15
Alderney	735	31.3%
Hamworthy West	455	27.1%
Hamworthy East	190	20.2%
Branksome East	165	18.0%
Newtown	390	17.9%
Poole Town	185	17.9%
Canford Heath East	265	16.2%
Branksome West	225	16.1%
Canford Heath West	210	15.4%
Creekmoor	230	13.9%
Parkstone	165	12.3%
Oakdale	230	11.0%
Merley and Bearwood	185	10.2%
Penn Hill	135	7.7%
Canford Cliffs	40	6.6%
Broadstone	60	3.4%
Borough of Poole	3865	15.8%

Source: DWP

³ *Wealth of the Nation 2005*, CACI, 2005

Pensioner poverty

Nationally, pensioner poverty has fallen from around 27% in the late 1990s to 17% in 2004/05. This is mainly due to the introduction of Pension Credit payments. Table 2 below shows the numbers in Poole claiming Pension Credit at August 2006 and the official claimant rate. (This is expressed as a percentage of the official population aged 60+ as on census day 2001).

Table 2. Pension credit claimants , 2006

Ward Name	Total	Census Population Aged 60+ (2001)	Claim rate
Newtown	765	2565	29.8
Alderney	710	2659	26.7
Hamworthy East	340	1308	26.0
Poole Town	620	2426	25.6
Branksome West	300	1276	23.5
Canford Heath West	235	1012	23.2
Hamworthy West	255	1185	21.5
Oakdale	595	2881	20.7
Canford Heath East	210	1053	19.9
Creekmoor	415	2126	19.5
Branksome East	255	1342	19.0
Parkstone	540	3387	15.9
Penn Hill	390	2944	13.2
Merley and Bearwood	275	2213	12.4
Broadstone	250	3048	8.2
Canford Cliffs	240	3921	6.1
Borough of Poole	6395	35346	18.1

Source: DWP

Poverty among working age adults

The story here is less successful than that for pensioners and, nationally, poverty among adults of working age has remained constant at around 20% for the last decade. The numbers of adults of working age in poverty is now greater than the total of pensioners and children in poverty.

The situation for working age disabled adults is especially severe. Indeed, around 30% of disabled adults aged between 25 and the state pension age are in poverty.

Many adults of working age who are in poverty are in work. *The scale of in-work poverty is, perhaps, worthy of further investigation and comment.*

Low Educational Attainment

We mentioned in the Introduction that low educational attainment is a strong predictor of poverty in later life. Young adults with low educational attainment are much more likely to be unemployed and wanting work or, if in work, to be poorly paid. Children who perform poorly at 16 are likely to remain low achievers and to find themselves in poverty in later life.

The educational attainment levels of young people resident in Poole, both at GCSE and GCE levels is good and above the national average in each case.

However, while the picture for young people in Poole is relatively positive, if we look at the working age population as a whole we find that nearly 13% have no qualifications whatsoever.⁴

Further information

This paper provides a summary of the research and analysis that has been carried out under this heading. For further information on this subject or to access detailed data, maps and information please contact Charles Arthurs at:

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⁴ Annual Population Survey, 2005