

Article

Persistent Poverty in the UK and EU: 2014

Rates of persistent relative income poverty for the UK are compared with other EU countries.

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1. Main points

This article provides analysis of persistent poverty rates in the UK and the EU.

It shows that:

In 2014, 6.5% of the UK population were in persistent poverty, equivalent to approximately 3.9 million people. Persistent poverty is defined as experiencing relative low income in the current year, as well as at least 2 out of the 3 preceding years.

Based on the latest data, the UK has the third-lowest persistent poverty rate in the EU, but the overall poverty rate for 2014, at 16.8%, was the 12th highest.

The persistent poverty rate for women was 1.5 percentage points higher than for men in 2014 in the UK.

Single-person households were more likely to experience persistent poverty than households with 2 adults.

Between 2011 and 2014, almost a third (32.5%) of the UK population experienced poverty at least once.

43% of people who left education without any formal qualifications experienced poverty at least once between 2011 and 2014, twice the percentage of those with a degree or higher.

2. What is persistent poverty?

The effects of experiencing relative low income for long periods of time have been well documented (Bossert, Chakravarty & diAmbrosio, 2012) and it is generally agreed that persistent poverty has a much more detrimental effect on individuals and families than experiencing a low income for short periods of time.

In this article, poverty refers to relative low income measures (also known as at-risk-of-poverty rates). Relative low income refers to an individual living on an equivalised disposable income of less than 60% of the national median. Where this occurs, they are said to be at risk of poverty.

A household's disposable income is the money available for spending after Income Tax, National Insurance and Council Tax are subtracted. It consists of wages and salaries from employment and self-employment, investment income, private and state pensions and other benefits. Equivalisation adjusts the income to take into account the size and composition of the household. Income in this analysis is equivalised using the modified [Organisation for Economic Co-operation and Development \(OECD\)](#) scale.

Persistent poverty rates measure the percentage of the population that are at-risk-of-poverty in the current year and at least 2 out of the 3 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.

In this article, the term "overall poverty rate" refers to the percentage of the population that are at-risk-of-poverty in the current year, without any consideration of their poverty status in earlier years.

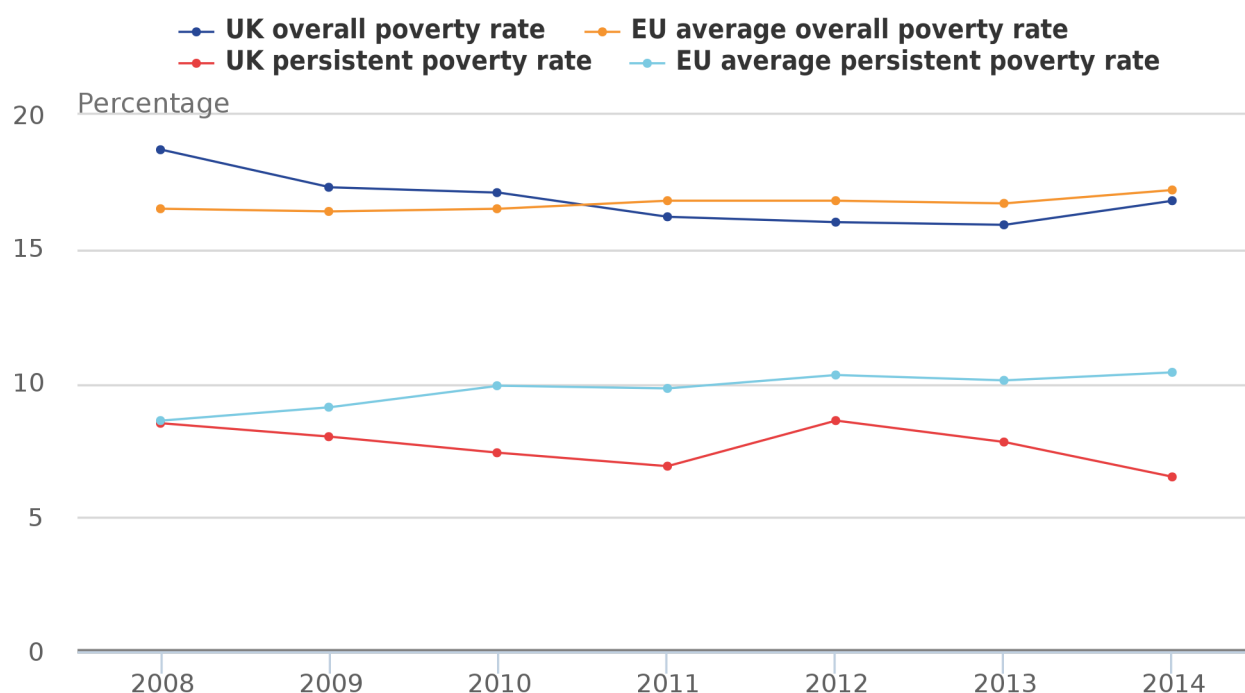
It is important to understand that the at-risk-of-poverty rate is a relative indicator, measuring income compared with other people, so does not in itself necessarily imply a low standard of living.

3. Poverty rates in the UK and EU

In 2014, 6.5% of people in the UK were in persistent income poverty, equivalent to approximately 3.9 million people. This is considerably less than half of the overall relative income-poverty rate, which in 2014 stood at 16.8%.

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 2014 (Figure 1), persistent poverty rates were below the EU average rates throughout the same period. Since 2012, there has been a widening of the gap between the persistent poverty rate for the UK and the overall EU average.

Figure 1: Persistent and overall poverty rates, UK and EU average, 2008 to 2014, percentage total population



Source: Office for National Statistics, Eurostat

Notes:

1. Croatia is included in the overall poverty rates for the EU from 2011 onwards and in the persistent poverty rates from 2010 onwards.

The 2014 UK persistent poverty rate is one of the lowest in the EU (Figure 2i), however the overall poverty rate of 16.8% placed the UK 12th highest out of the 28 EU countries.

The difference in persistent poverty and overall poverty rates indicates whether those experiencing a relative low income in 2014 are likely to have been experiencing it over a number of years or just for a short period.

Figure 2i: Poverty rates across the EU, 2014, percentage total population

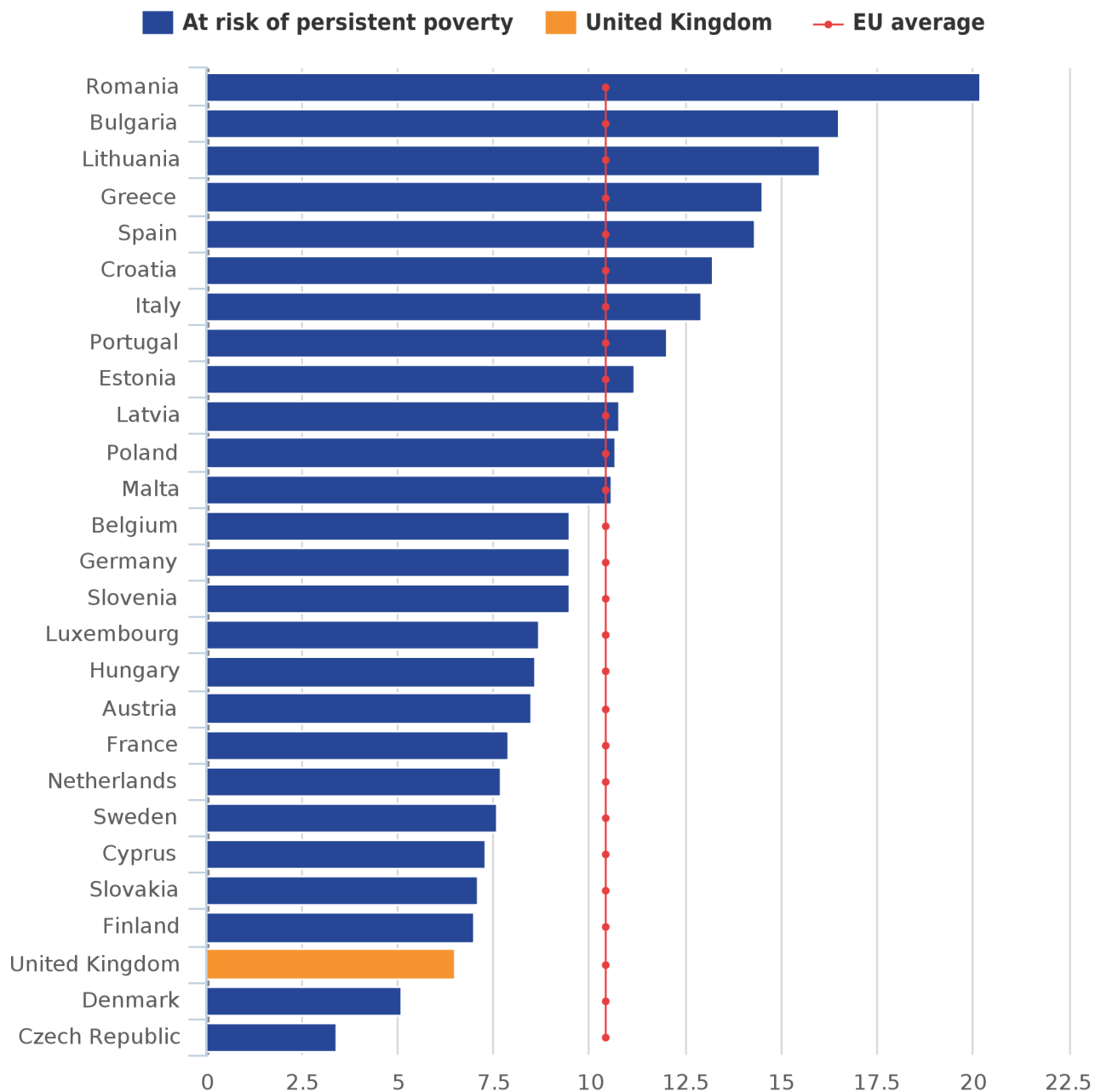
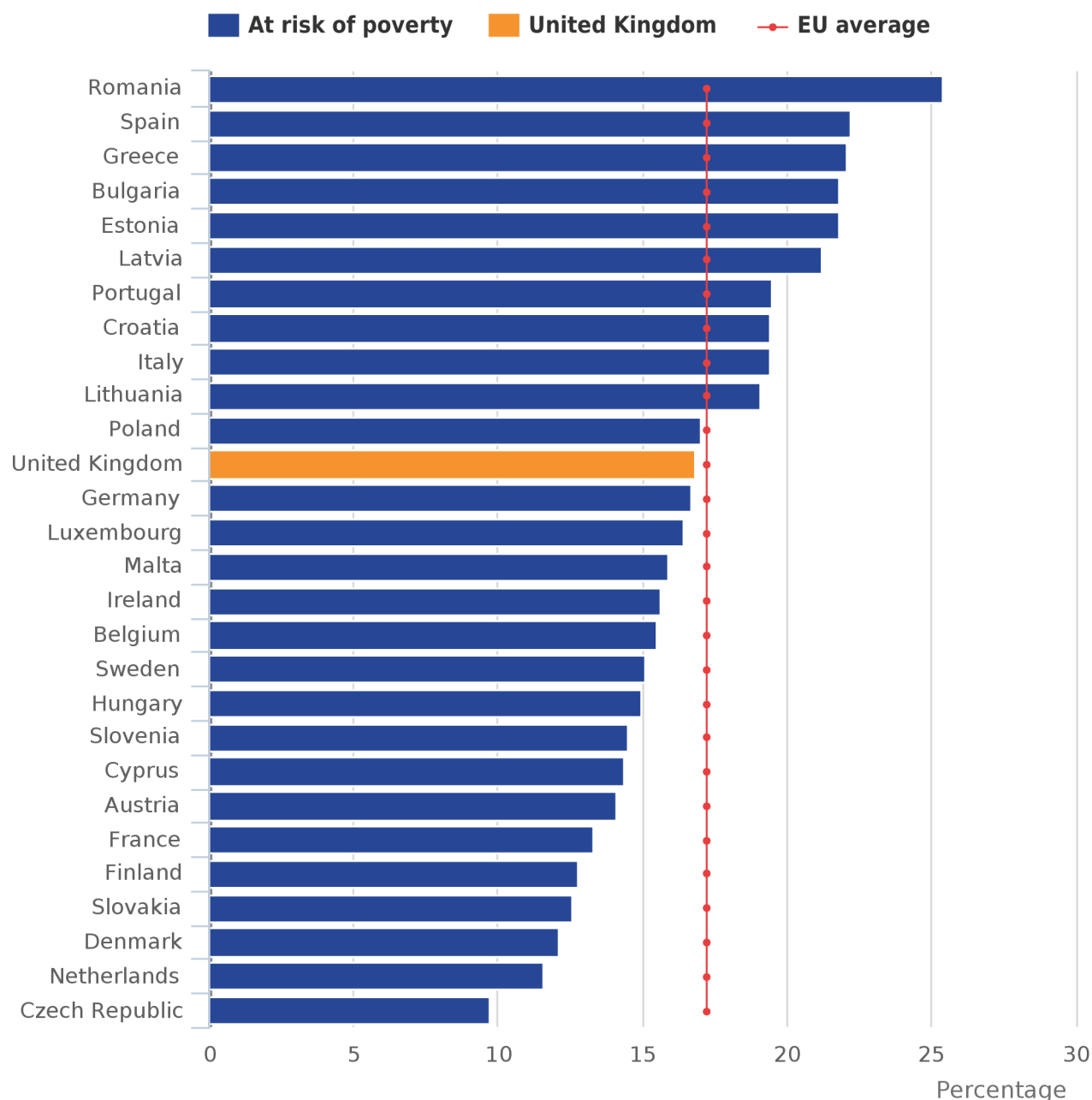


Figure 2ii: Poverty rates across the EU, 2014, percentage total population



Source: Office for National Statistics, Eurostat

Notes:

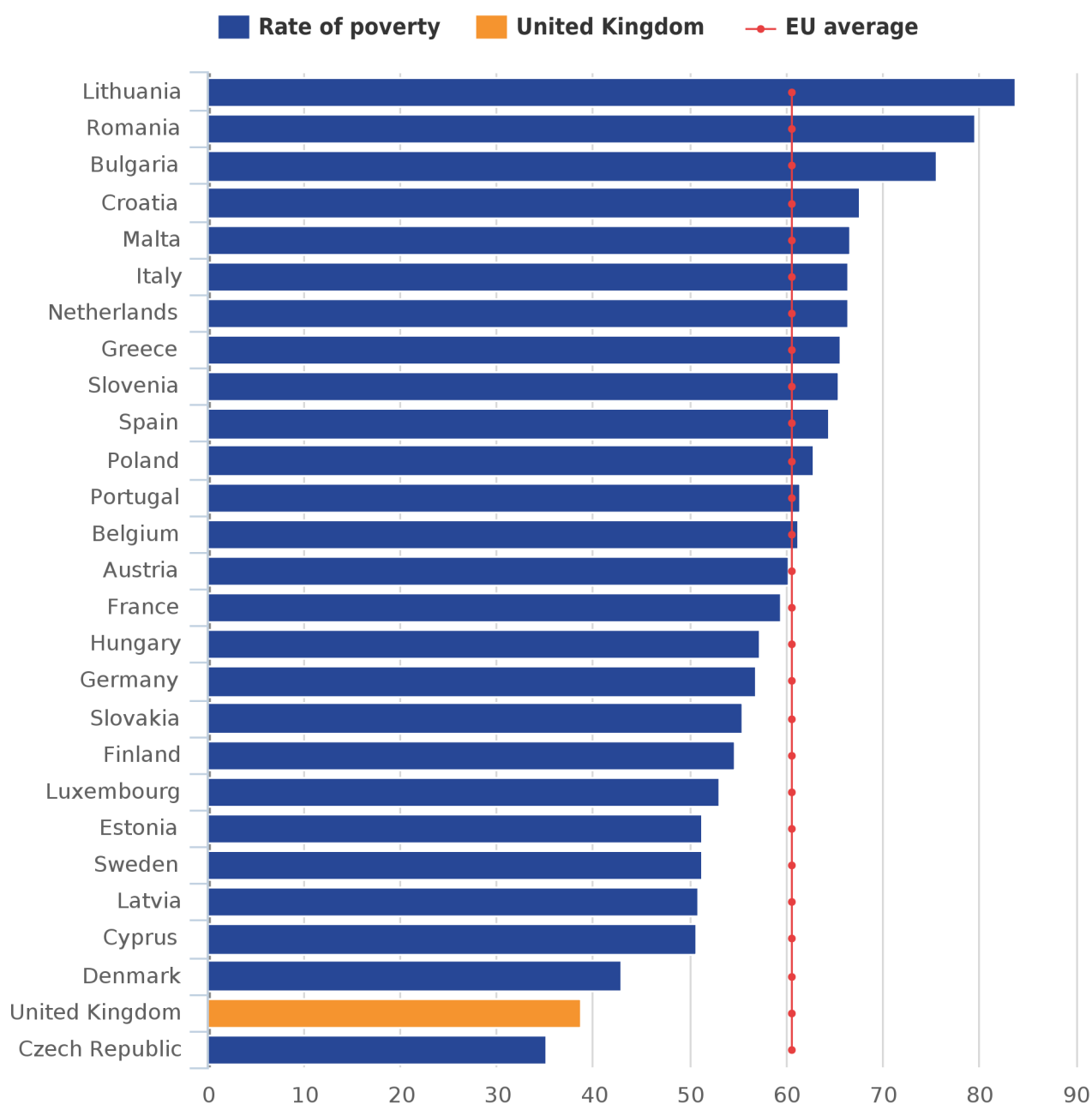
1. Persistent poverty rates are the latest available; for Croatia, Denmark, Slovakia and Sweden 2014 figures are not yet available so 2013 figures are used.
2. No persistent poverty estimates are available for Ireland.
3. Overall poverty estimates are all 2014 rates

The relationship between rates of persistent poverty and overall poverty can be seen most clearly 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 relative income poverty were also poor in at least 2 out of the last 3 years.

In 2014, the UK had one of the lowest ratios of persistent poverty to overall poverty at 39%. This means that fewer than 4 in 10 people who were at risk of poverty in 2014 were also at risk in at least 2 out of the 3 preceding years. This is one of the lowest figures for EU countries for which data are available and is well below the EU average of 61%. This suggests that in the UK, for those who do experience relative low income, it is more likely to be for a shorter period of time than in most other EU countries.

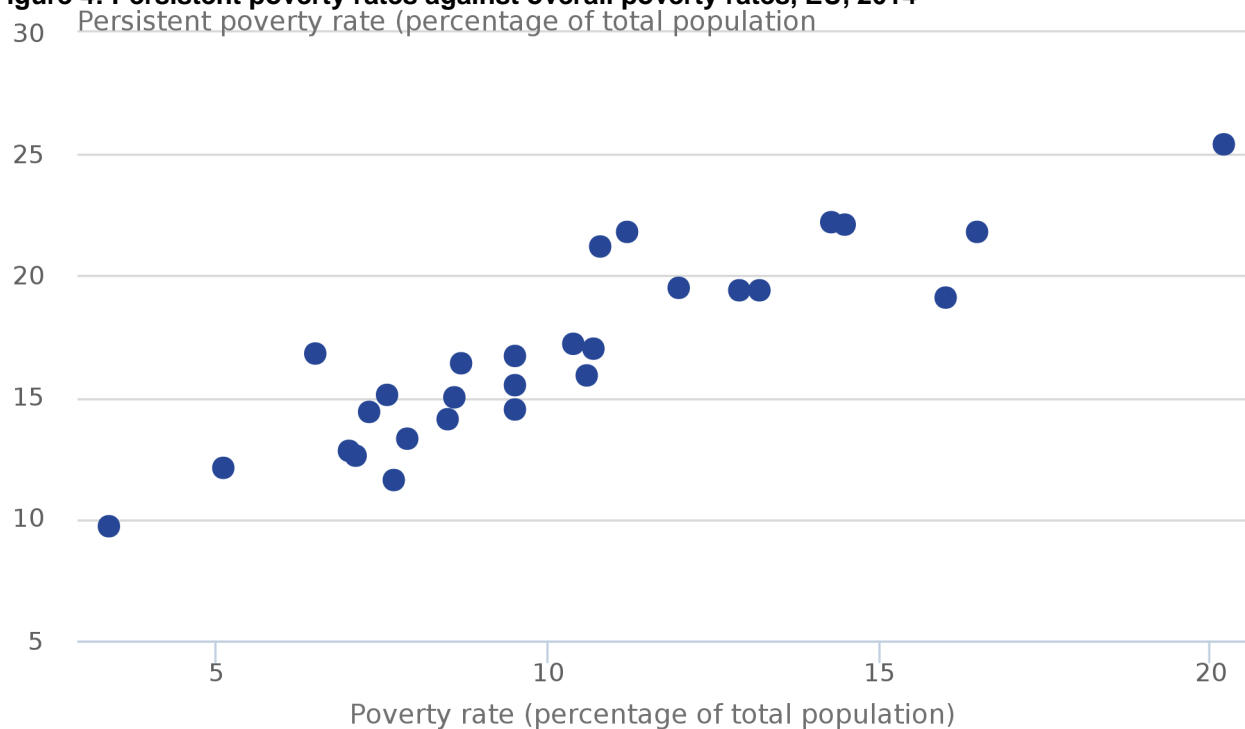
In contrast to the UK, 3 countries in the EU had ratios of over 75%: Bulgaria, Romania and Lithuania (the highest at 84%). This indicates that in these countries, over three-quarters of people at risk of poverty in 2014 had been in a similar situation for a number of years.

Figure 3: Rate of persistent poverty as a percentage of overall poverty across the EU, 2014



The relationship between the current poverty rate and the persistent poverty rate is on a fairly linear scale when looking across the EU (Figure 4), a relationship that has shown no real change since the first collection of longitudinal European Union Statistics on Income and Living Conditions (EU-SILC) in 2008. On average the overall poverty rate is 1.7 times higher than the persistent poverty rate in 2014.

Figure 4: Persistent poverty rates against overall poverty rates, EU, 2014



Source: Office for National Statistics, Eurostat

Notes:

1. For Croatia, Denmark, Slovakia and Sweden 2013 poverty rates are used since these are the latest available for persistent poverty in these countries.
2. No persistent poverty estimates are available for Ireland.

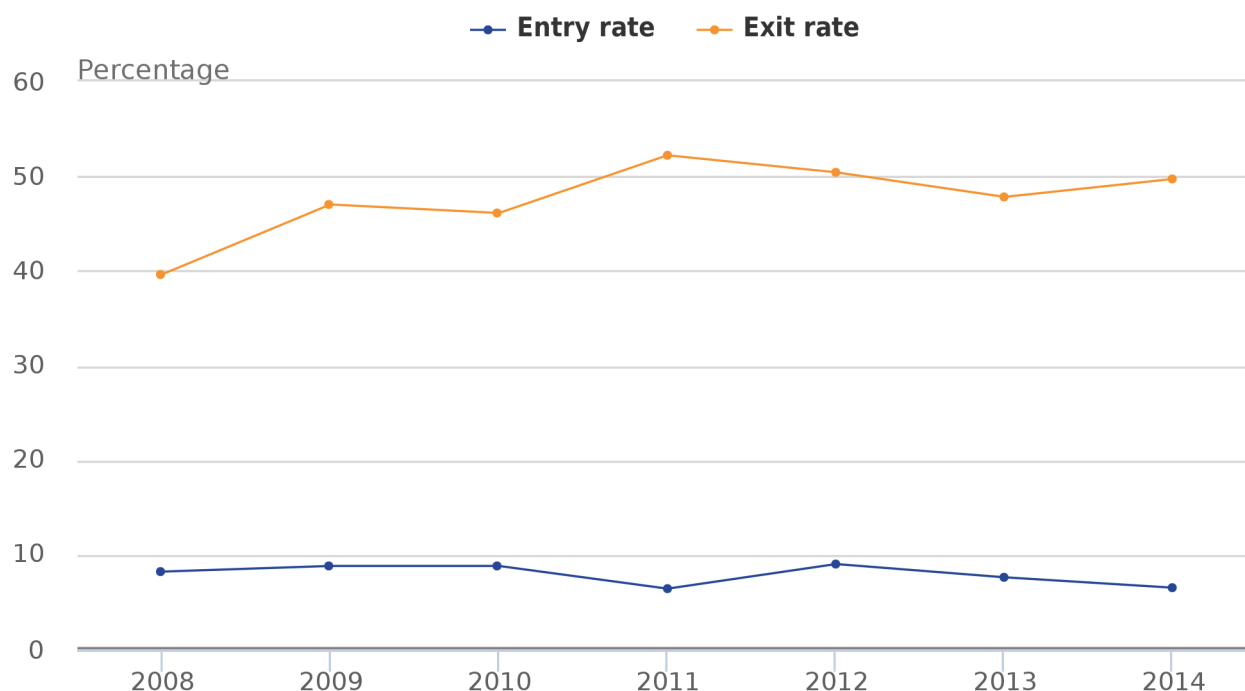
4. Entry and exit rates

Poverty entry and exit rates can help give an indication of how much the population that experiences relative low income changes over time. In 2014, the entry rate for the UK was 6.5%, compared with an exit rate of 49.7%

Poverty entry rates for the UK population as a whole have generally been fairly stable over the period between 2008 and 2014 (Figure 5). However, since 2012 there has been some evidence of a fall, with the rate going from 9.0% to the current rate of 6.5%.

Over this same period, exit rates for those in poverty increased gradually initially, 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.

Figure 5: Poverty entry and exit rates for the UK, 2008 to 2014, percentage individuals



Source: Office for National Statistics, Eurostat

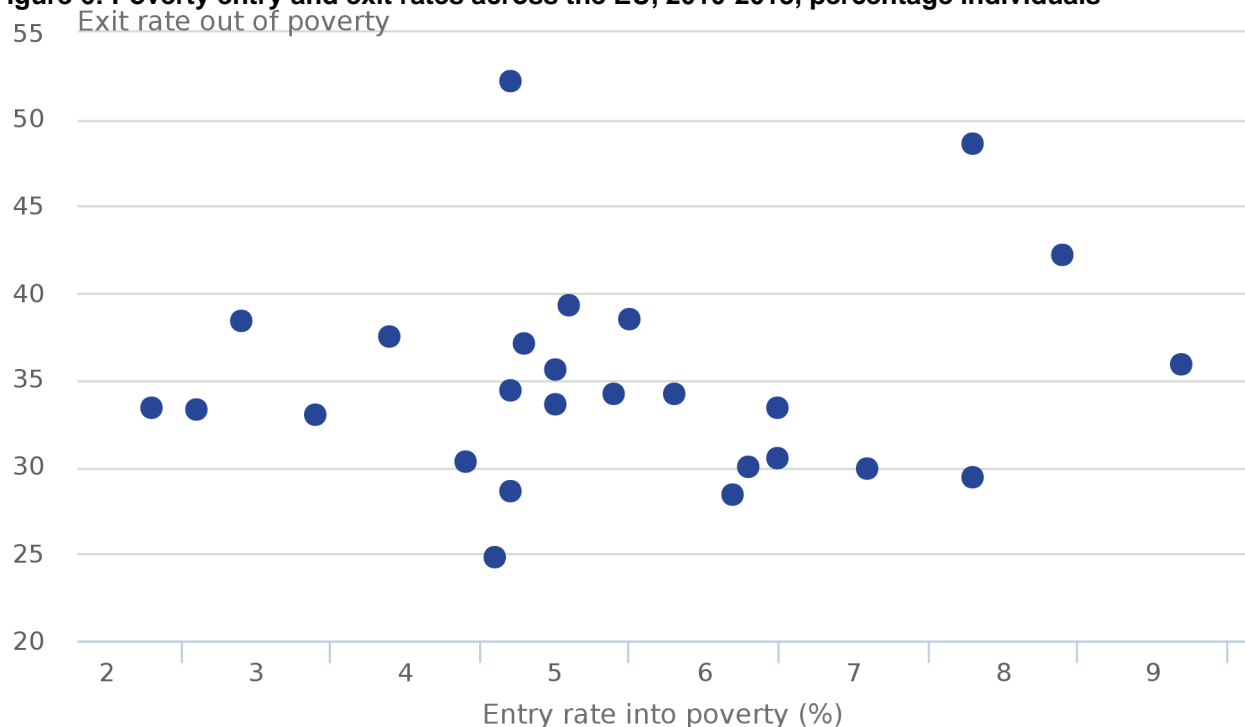
Notes:

1. As 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

Since then, there has been a slight fall, with an exit rate of 49.7% in 2014, though this is still above the 2008 rate of 39.6%. This indicates that slightly less than half of those at risk of poverty in 2013 were no longer in the same situation the following year.

Figure 6 shows the relationship between poverty entry and exit rates for working-age adults (18 to 64-year-olds) in EU member states for which longitudinal data are available for the 2010 to 2013 period; this is the latest period for which data are available for analytical purposes for other EU countries.

Figure 6: Poverty entry and exit rates across the EU, 2010-2013, percentage individuals



Source: Office for National Statistics, Eurostat

Notes:

1. The figures presented are the average poverty entry and exit rates for 2010-2013, the latest data available for the EU countries.

The figure reveals that, averaged over this period, the UK had one of the highest exit rates out of poverty, but also one of the highest entry rates. Only Denmark had a higher exit rate, while Ireland and Greece were the 2 countries with higher 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. Most of the other EU countries are fairly clustered, with both lower entry and exit rates. A number of other countries are outside this grouping. For example, Greece has higher entry rates than in the UK but also lower exit rates, reflecting a higher risk of people being trapped in poverty.

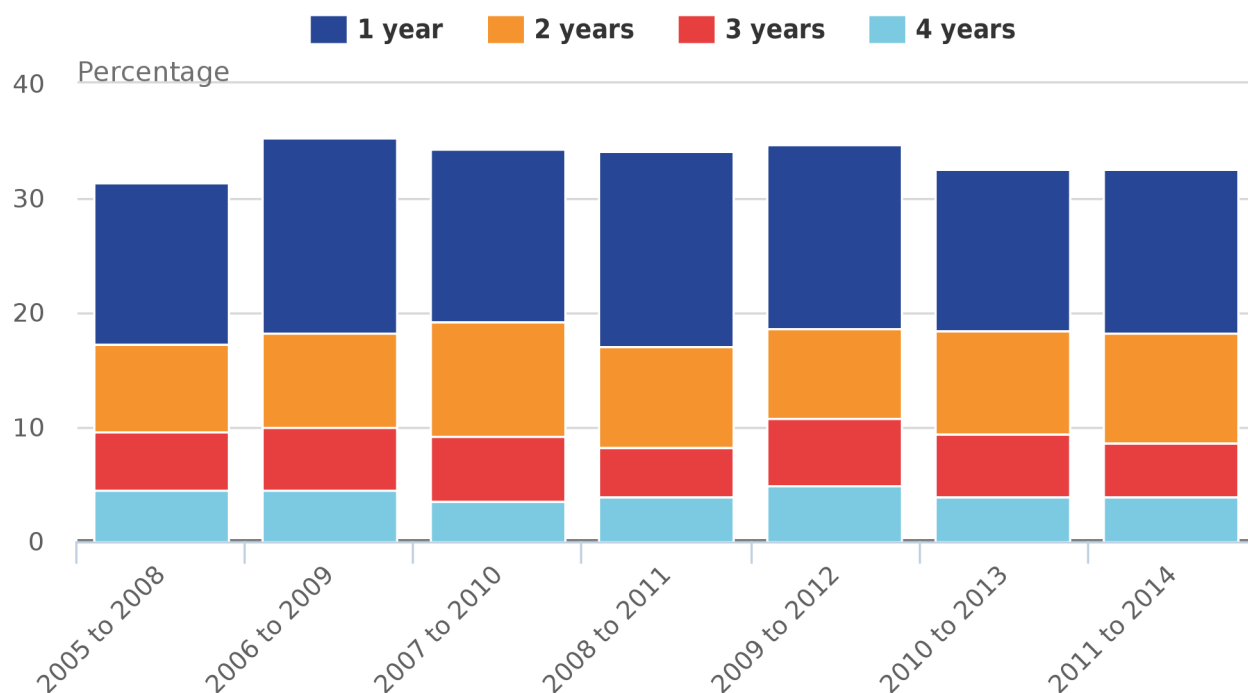
5. Years in poverty

Looking at the number of years spent in poverty over a 4-year period (Figure 7) reveals that a much higher percentage of the population experience relative low income at least once than the headline at-risk-of-poverty rates capture.

Almost a third (32.5%) of people in the UK have been at risk of poverty in at least 1 out of the 4 years between 2011 and 2014. This has been fairly stable since 2008 (ranging from 31% to 35%), with no change between the 2 most recent years.

Nearly three-quarters (73%) of those who were at risk of poverty at least once between 2011 and 2014, experienced it for 2 years or less, with just over 1 in 10 (12%) at risk of poverty for the full 4 years.

Figure 7: Years in poverty in the UK in a 4 year period, 2005/08 – 2011/14, percentage population



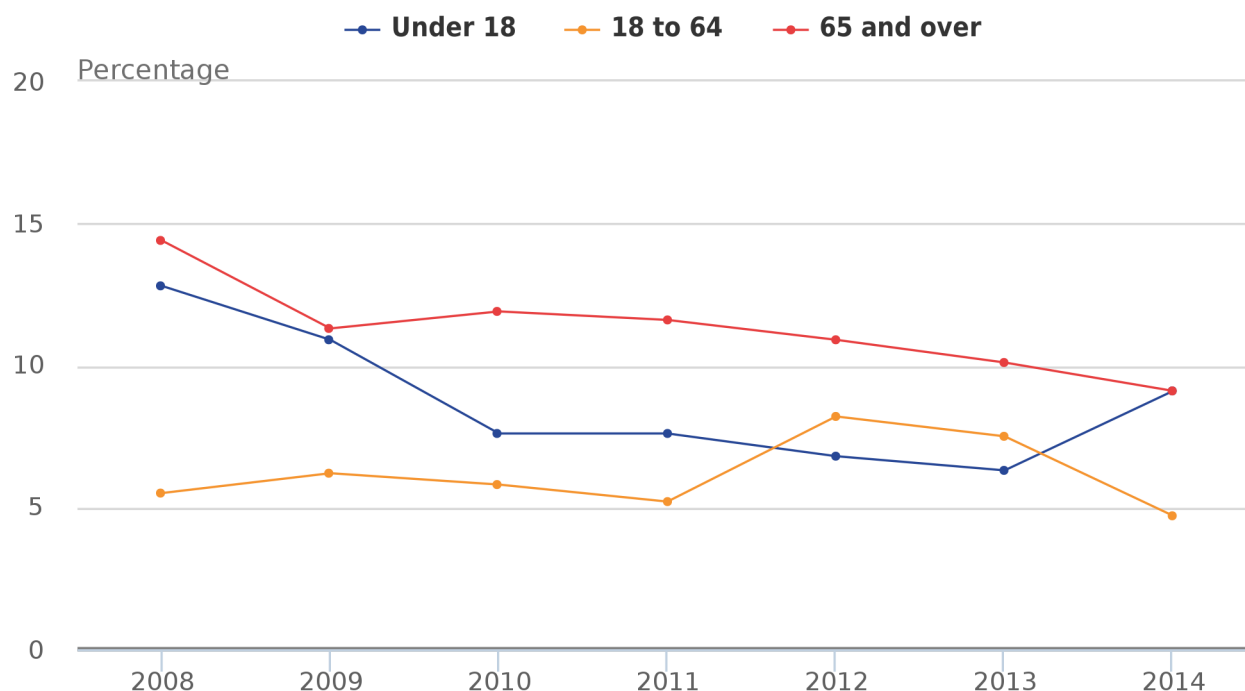
Source: Office for National Statistics, Eurostat

6. Poverty by individual characteristics

Age

For most years since 2008, the persistent poverty rate has been highest among those aged 65 or over. However, the rate for this age group has been falling since 2010, and in 2014 was 9.1%, the same rate as those aged under-18. Those aged 18 to 64 had the lowest persistent poverty rate in 2014, of 4.7%.

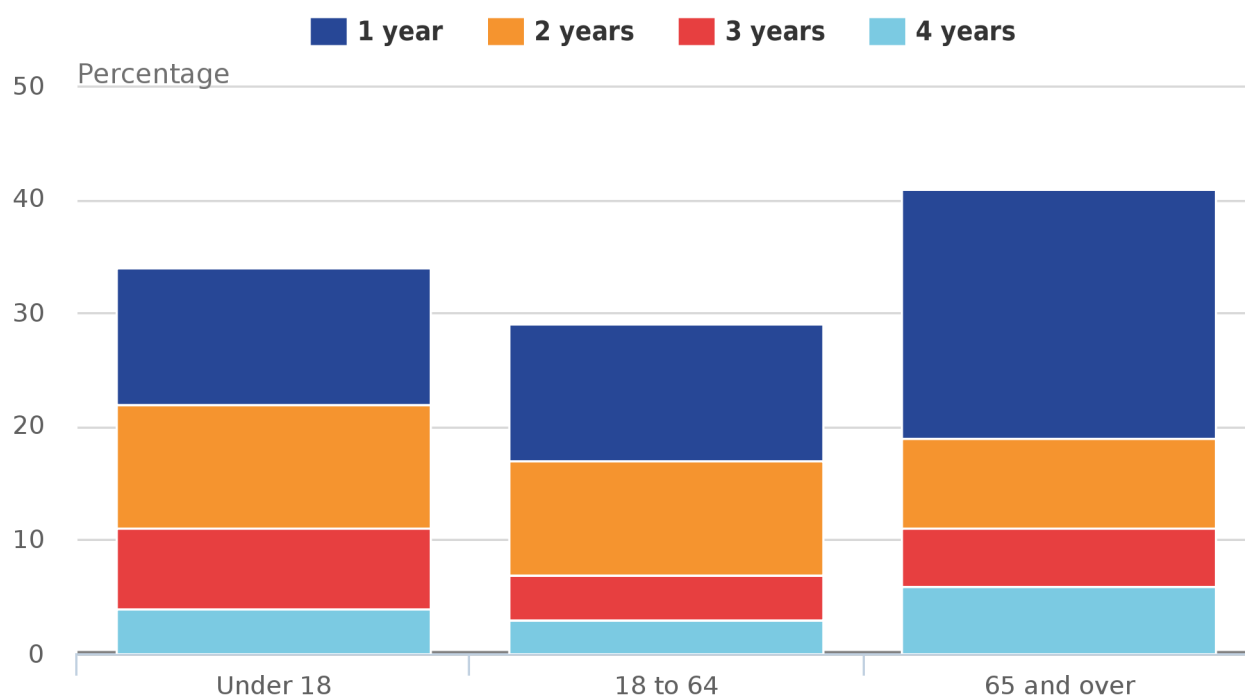
Figure 8: Persistent poverty rate by age group, UK, 2014, percentage individuals



Source: Office for National Statistics, Eurostat

Looking at the years spent in relative low income for different age groups, 41% of those aged 65 or over were at risk of poverty at least once between 2011 and 2014, compared with 29% of those aged 18 to 64 and 34% of under-18s. The difference is accounted for in part by those spending only 1 year in poverty; 22% for those aged 65 and over compared with 12% for the under-65s. However, those spending all 4 years in poverty also contribute to the difference; 6% of those aged 65 and over were in poverty in all 4 years compared with 3% and 4% for the 18 to 64 and under-18 groups respectively.

Figure 9: Years in poverty in the UK by age group, 2011 to 2014, percentage individuals

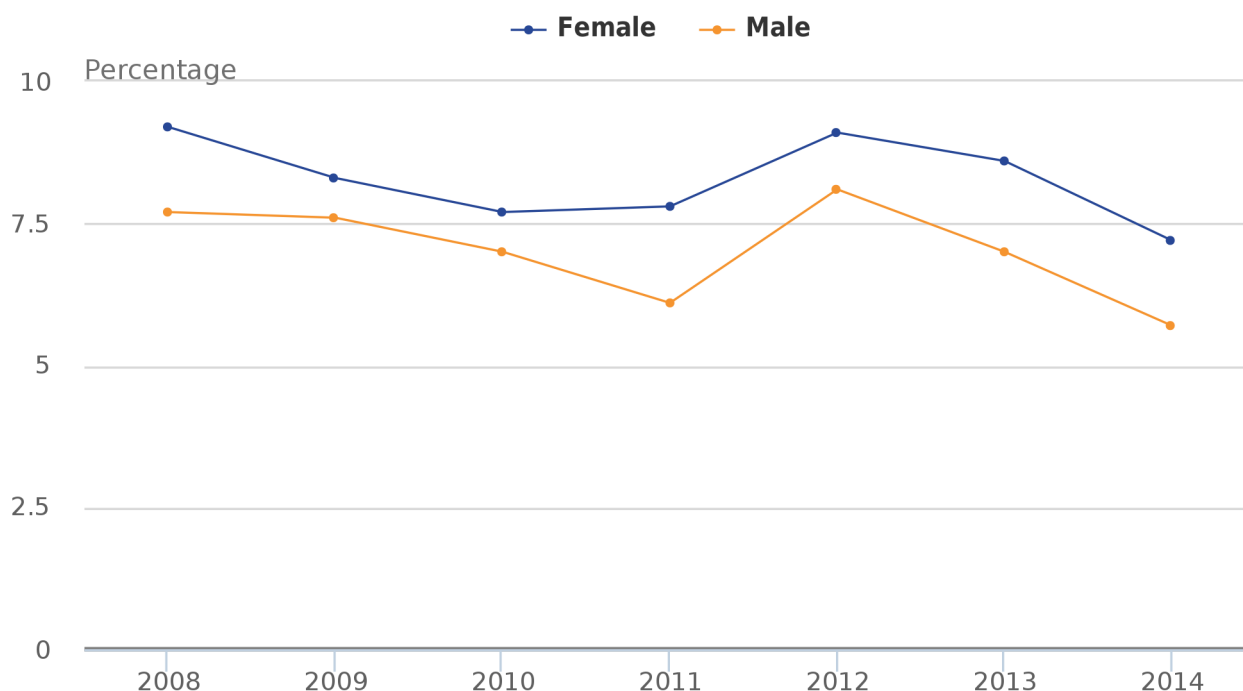


Source: Office for National Statistics, Eurostat

Gender

Women have consistently had a higher persistent poverty rate than men. The gap between the two has remained relatively stable over the past 6 years in the UK.

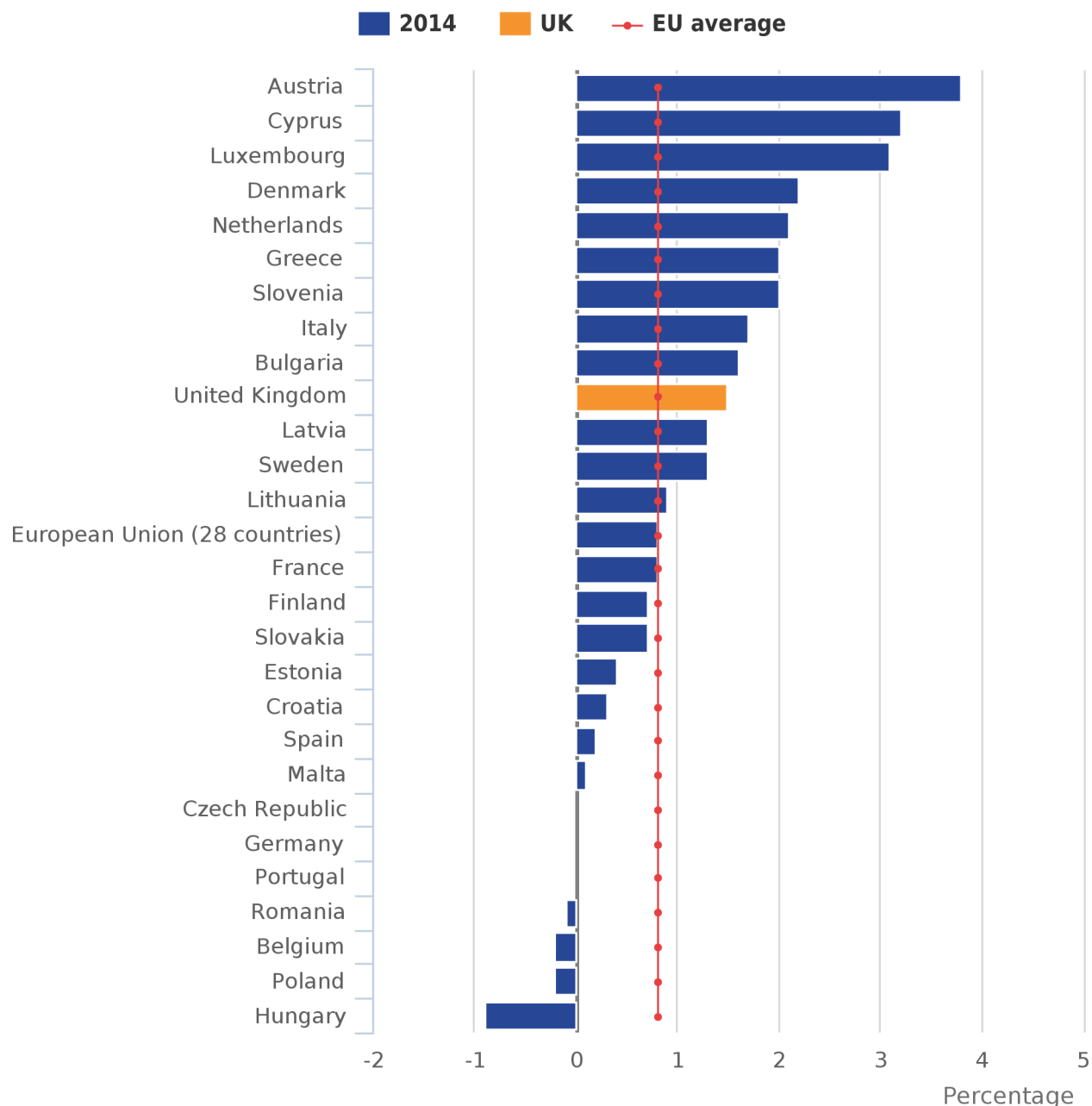
Figure 10: Persistent poverty rate by gender, UK, 2014, percentage individuals



Source: Office for National Statistics, Eurostat

This trend of higher levels of persistent poverty for women compared with men is seen in most other EU countries. In fact, only 4 out of the 28 countries reported lower levels of persistent poverty for women in 2014: Romania, Belgium, Poland and Hungary; and 3 reported the same levels: Portugal, Germany and the Czech Republic. Austria was the country with the highest difference, reporting levels of persistent poverty for women 3.8 percentage points higher than for men. The average across the EU was 0.8 percentage points.

Figure 11: Difference between female and male persistent poverty rates, EU, 2014



Source: Office for National Statistics, Eurostat

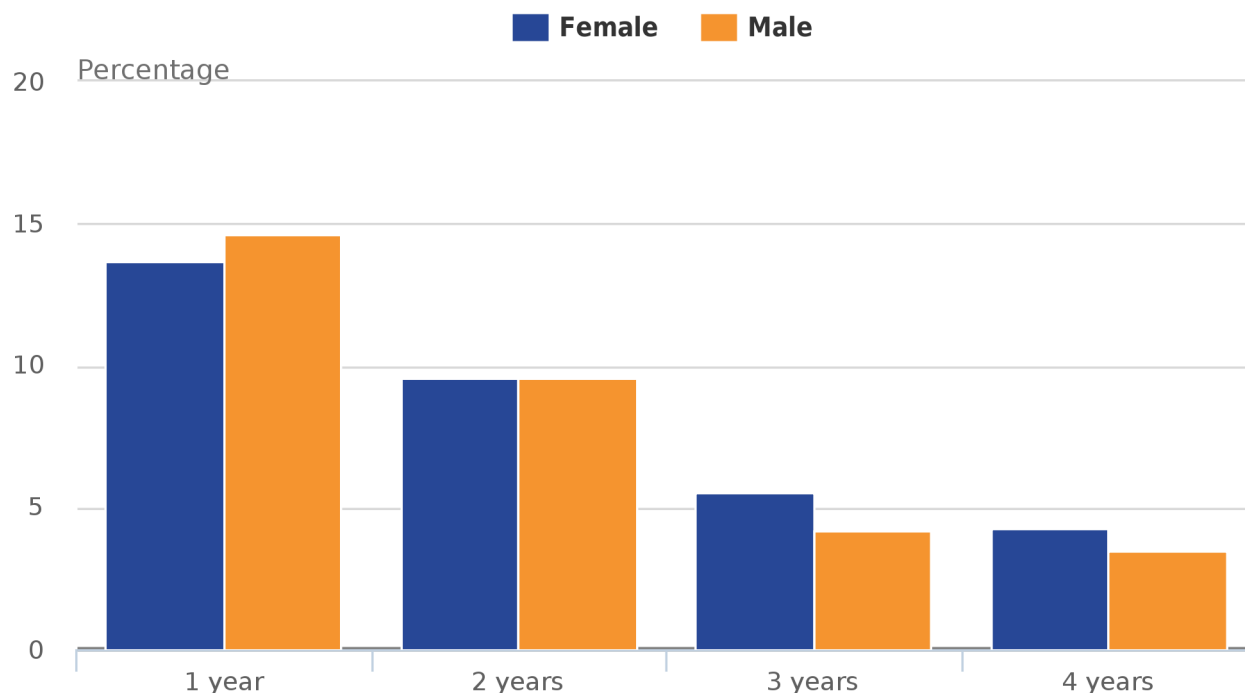
Notes:

1. For Croatia, Denmark, Slovakia and Sweden 2013 persistent poverty rates are used since these are the latest available for these countries.
2. No persistent poverty estimates are available for Ireland.

When looking at the percentage of people at risk of poverty at least once in the last 4 years, the differences between men and women are relatively small, with 31.9% of men experiencing poverty at least once between 2011 and 2014 compared with 33.1% of women.

There were slightly larger differences in the percentage of people who were in poverty for 3 or more years in this period, with 9.8% of women compared with 7.7% of men.

Figure 12: Years in poverty in the UK by gender, 2011 to 2014, percentage individuals



Source: Office for National Statistics, Eurostat

Given that a co-habiting man and woman would have the same household disposable income, these differences in persistent poverty rates by gender come largely from differences among single-adult households. Single-adult households with dependent children are far more likely to contain women ([ONS, 2014](#)) and, as can be seen in the next section, are also more likely to be in persistent poverty.

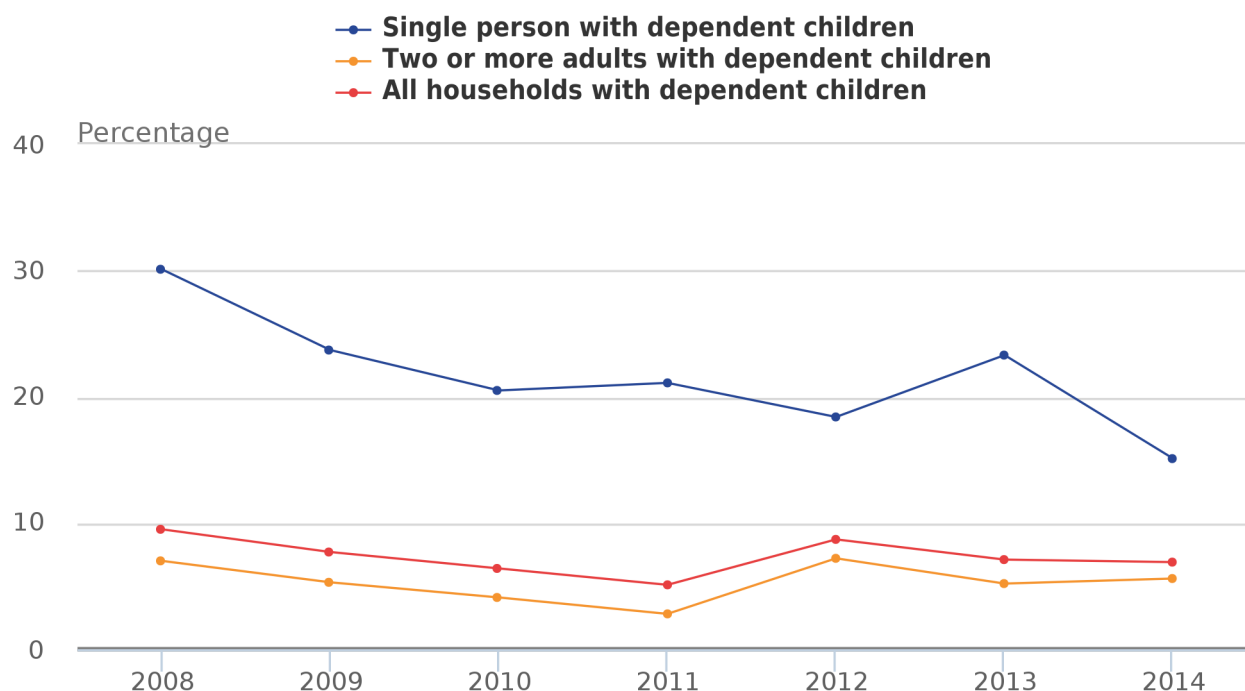
Household type

Households with dependent children have a slightly higher persistent poverty rate (6.9%) than households without dependent children (6.1%) in 2014. However, the largest differences between different household types were for single-adult households compared with those with 2 or more adults. Single-person households, both with and without dependent children, have consistently higher rates of persistent poverty than households with 2 or more adults.

The threshold for being at risk of poverty in 2014 was a disposable income of £9,956 for a single-person household without children. For a household with 2 adults and 2 children (under 14), this threshold equated to an (unequalised) disposable income of £20,907.

Figure 13i: Persistent poverty rates by household composition, UK, 2014

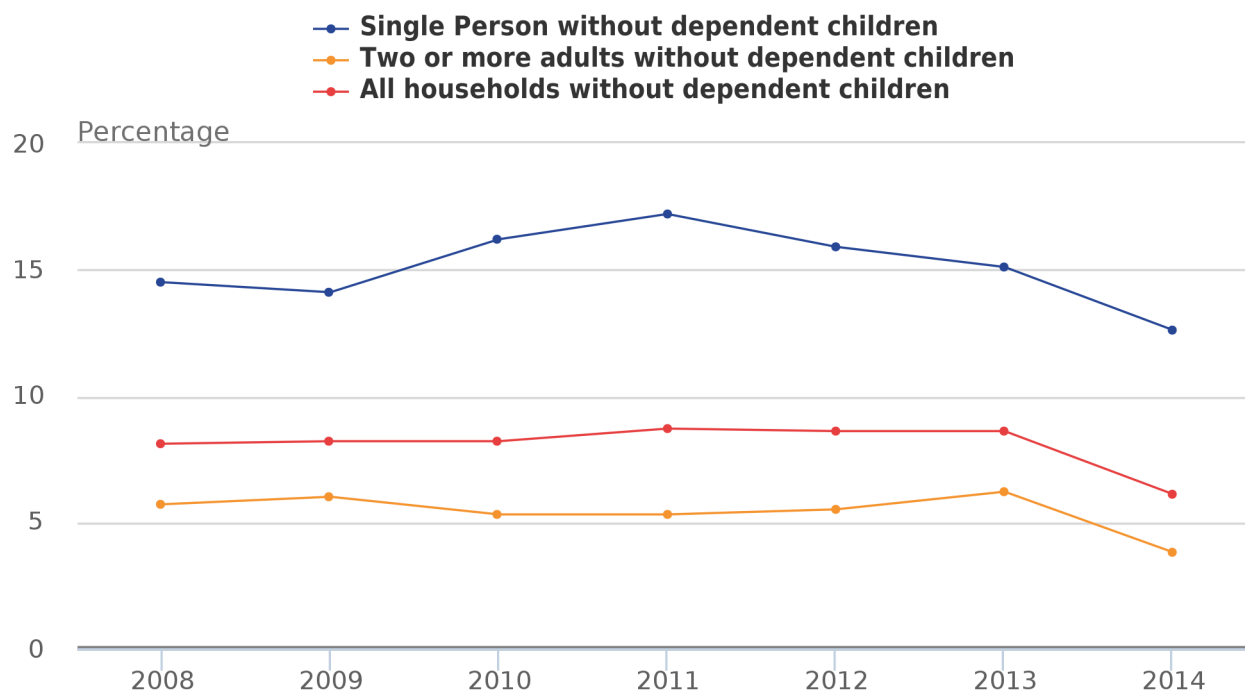
i. Households with dependent children



Source: Office for National Statistics, Eurostat

Figure 13ii: Persistent poverty rates by household composition, UK, 2014

ii. Households without dependent children



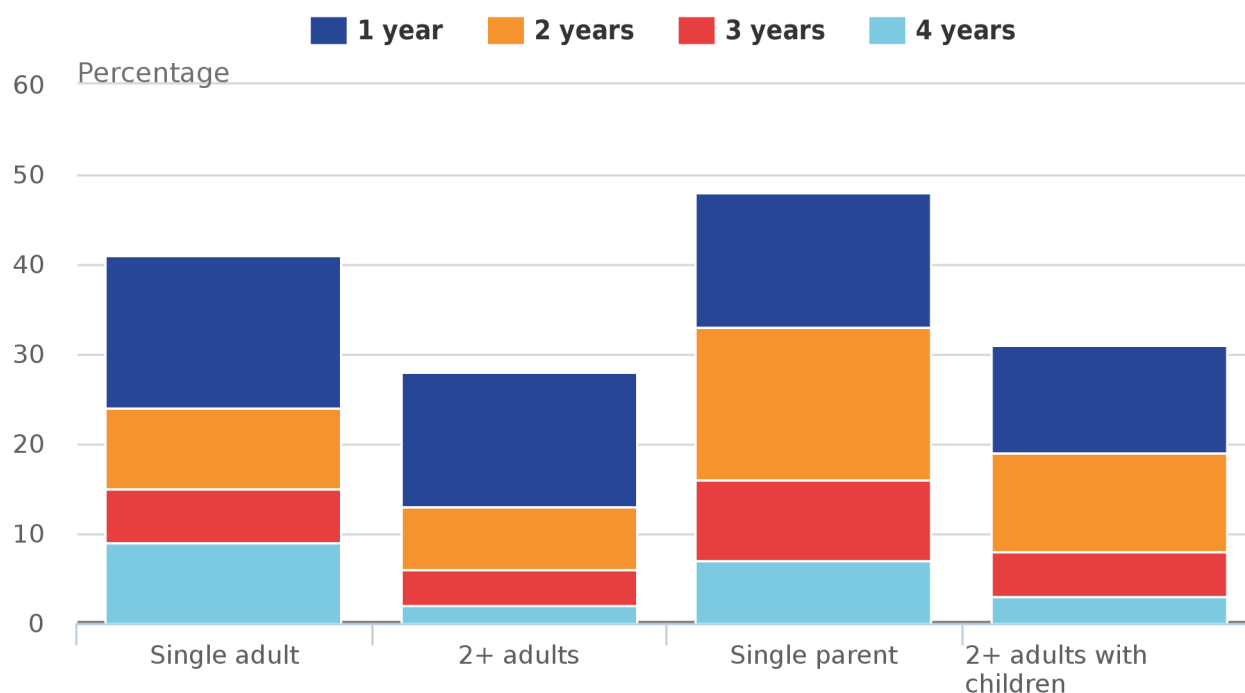
Source: Office for National Statistics, Eurostat

The number of years spent in poverty between 2011 and 2014 also varied by the type of household people were living in (Figure 14). Single-parent households were more likely to experience poverty than other households, with nearly half (48%) in poverty at least once and around a third (33%) in poverty for 2 or more years in the period.

Single-adult households without children were also more likely to experience poverty than households with 2 or more adults; just over 40% of single adult households experienced poverty at least once in the period, compared with less than 30% for households with 2 or more adults.

Comparing single adult households with households with 2 or more adults (both with and without dependent children), those experiencing poverty in single-adult households tended to experience it for longer.

Figure 14: Years in poverty in the UK by household type, 2011 to 2014, percentage individuals



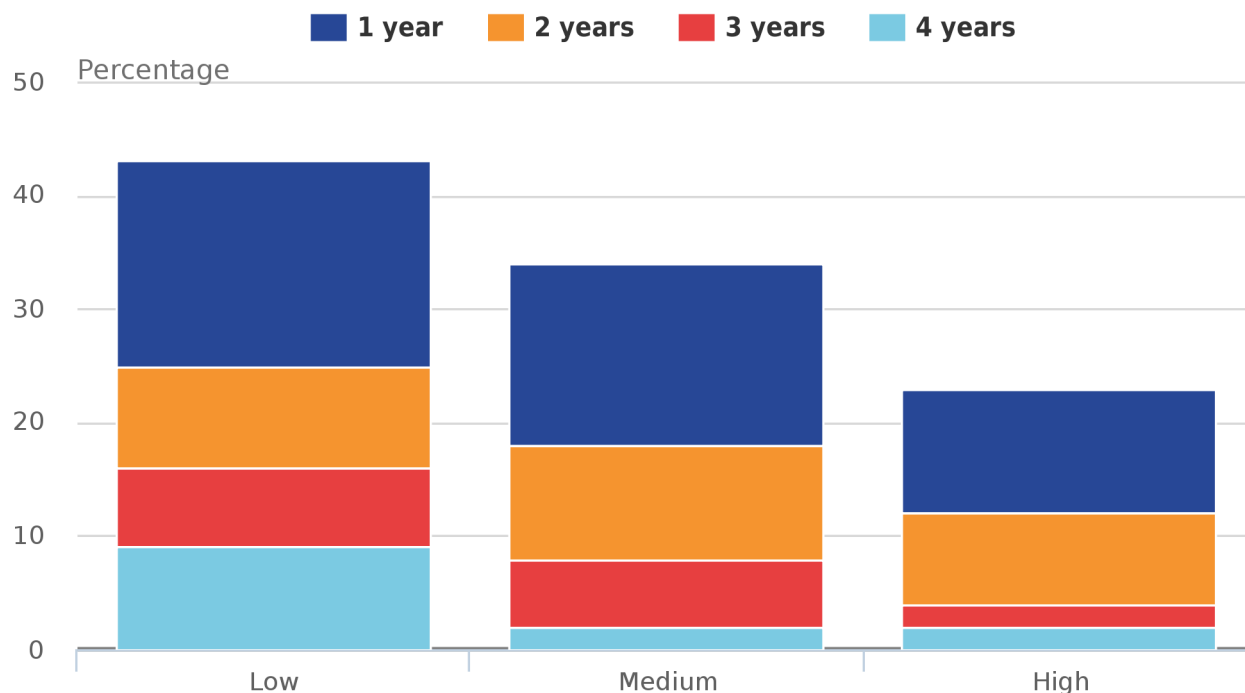
Source: Office for National Statistics, Eurostat

Education level

The number of years spent in relative low income also varied by education level, consistent with other research (for example, Serafino & Tonkin, 2014), highlighting a strong relationship between educational attainment and poverty. Over 4 in 10 people (43%) who left education without any formal qualifications (below GCSE level) were at risk of poverty at least once between 2011 and 2014, twice the percentage of those with a degree or higher.

Additionally, among those who did experience relative low income, those with degree-level qualifications or above were also far more likely to experience it for only a short period of 1 or 2 years (86%), compared with those with medium (77%) or low (65%) levels of educational attainment.

Figure 15: Years in poverty in the UK by education level, 2011 to 2014, percentage individuals



Source: Office for National Statistics, Eurostat

Notes:

1. Low educational attainment relates to no formal qualifications. Medium educational attainment is GCSE or A-Level or equivalent qualifications. High educational attainment is degree level or above.

7. References

Bossert, W., Chakravarty, S.R. and diAmbrosio, C. (2012). Poverty and time. *The Journal of Economic Inequality*, 10(2), 145-162.

Dickerson, A. & Popli, G.K. (2014). Persistent poverty and children's cognitive development: evidence from the UK Millennium Cohort Study. Sheffield Economic Research Paper Series No. 2011023, University of Sheffield.

Serafino, P. & Tonkin, R.P. (2014). [Intergenerational transmission of disadvantage in the UK & EU](#).

ONS (2014). [Families and households, 2014](#).

8. Background information

1. This article aims to explore the levels and dynamics of poverty in the UK and how these compare with other EU countries. It uses the latest longitudinal data from the European Union Statistics on Income and Living Conditions (EU-SILC), which covers the years 2011 to 2014.
2. [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, we collected EU-SILC using the General Lifestyle Survey (GLF).
3. Since 2012, cross-sectional EU-SILC data have 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).
4. 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.

5. EU-SILC's reference population is all people in private households residing in each Member State. Alongside the 28 EU countries, Iceland, Norway, Switzerland and Turkey also submit data. These four extra countries are not reported in this article but their data is available from Eurostat.
6. The estimates of EU poverty rates and years in poverty were extracted from [Eurostat's online database](#) on 26 April 2016. Eurostat update their online database on a regular basis.
7. 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 12 months.
8. The poverty entry and exit rates for EU countries were calculated using Eurostat's User Database 2013 version 2, microdata release of January 2016.
9. 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.

9. Glossary

Dependent children

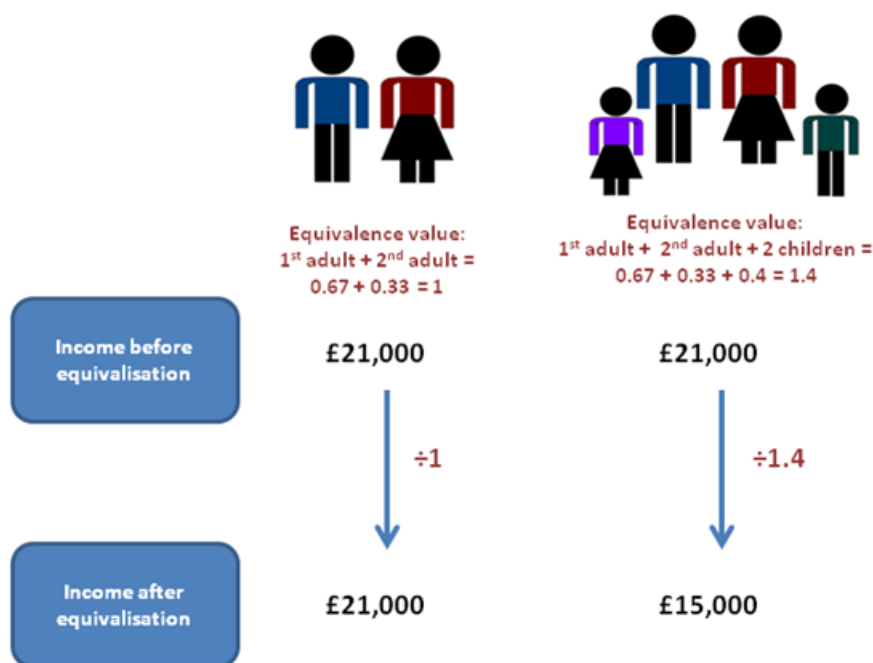
Dependent children are those aged below 18 plus 18 to 24-year-olds who are economically inactive (mainly due to education) and living with at least 1 parent.

Disposable income

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. It includes earnings from employment, private pensions and investments as well as cash benefits provided by the state.

Equivalisation

Equivalisation is the process of accounting for the fact that households with many members are likely to need a higher income to achieve the same standard of living as households with fewer members. Equivalisation takes into account the number of people living in the household and their ages, acknowledging that whilst a household with 2 people in it will need more money to sustain the same living standards as 1 with a single person, the 2-person household is unlikely to need double the income.



This analysis uses the [modified OECD equivalisation scale](#).

Entry and exit rates

The poverty entry rate is the percentage of people not in poverty in 1 year who transition into poverty in the following year. The poverty exit rate is the percentage of people in poverty in 1 year who transition out of poverty in the following year.

Persistent poverty

Persistent poverty refers to individuals who are experiencing relative low income (at-risk-of-poverty) in the current year and 2 out of the 3 preceding years. This definition is used by the European Commission to monitor poverty and social exclusion across the EU.

Relative income poverty and at-risk-of-poverty rate

People are deemed to be in relative income poverty if they live in a household with an equivalised disposable income below the poverty threshold. This threshold is set at 60% of the national median equivalised disposable income. This type of relative indicator does not measure absolute wealth or poverty, but low income in comparison to other residents in that country, which does not necessarily imply a low standard of living. This measure is therefore sometimes referred to as the at-risk-of-poverty rate.

10. Related statistics and analysis

Related publications that we produce include:

[The effects of taxes and benefits on income inequality: 1977 to financial year ending 2015](#)

[Poverty and employment transitions in the UK and EU: 2007-2012](#)

[Intergenerational Transmission of Disadvantage in the UK and EU, 2014](#)

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 2013 to 2014 was released by DWP on 25 June 2015. HBAI poverty estimates are not directly comparable with those produced for EU-SILC. This is primarily because the 2 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.

Details of the policy governing the release of new data are available by visiting the [UK Statistics Authority website](#) or from the Media Relations Office: media.relations@ons.gsi.gov.uk.