House of Commons Library

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Poverty in the UK: Statistics

Contents

Summary

This briefing explains the levels and rates of poverty in the UK. It includes historical trends and forecasts for future years, as well as statistics on food poverty and poverty by employment status, tenure, family size, ethnic group, disability, region, and constituency.

The focus in this briefing is on poverty defined in terms of disposable household income (income after adding benefits and deducting direct taxes). However, poverty may be defined in different ways and there is no single, universally accepted definition.

How is poverty measured?

Two commonly used measures of poverty based on disposable income are:

- **Relative low income**: This refers to people living in households with income below 60% of the median in that year.
- **Absolute low income**: This refers to people living in households with income below 60% of median income in a base year, usually 2010/11. This measurement is adjusted for inflation.

Median income is the point at which half of households have lower income and half have higher income. Income can be measured before or after housing costs are deducted.

How will the rising cost of living affect poverty?

High inflation meant real (inflation-adjusted) median household incomes fell in 2022/23. In March 2024 the Office for Budget Responsibility forecasted that real household disposable incomes per head will increase by 0.1% in 2024 and then by 1.7% in 2025. Based on these forecasts, real post-tax income per person will not return to its pre-pandemic level (Q4 2019) until Q4 2025. The OBR is an independent fiscal watchdog that analyses public finances and fiscal policy.

Absolute low income increased by 500,000 people before housing costs and 600,000 people after housing costs in the year to 2022/23. Absolute low income is likely to continue to rise in the short run: the Resolution Foundation forecasted in September 2023 that absolute poverty will increase by 300,000, from 11.7 million in 2023/24 to 12.0 million in 2024/25. This will bring the rate to 18.0% in 2024/25, the same rate as 2019/20.

This is because real incomes are set to fall, and income is adjusted for inflation when measuring absolute low income.

Since relative low income compares low income households to median income, the fact that income is set to fall for everyone means that relative low income is likely to fall between 2022/23 and 2023/24.

However, the Resolution Foundation expects relative child poverty to return to its upward trend at the end of the cost of living crisis and reach its highest levels since 1998/88 in 2027/28.

How many people are in poverty?

Department for Work and Pensions (DWP) data shows that around one in six people in the UK were in relative low income (relative poverty) before housing costs in 2022/23. This rises to just over one in five people once housing costs are accounted for.

Relative low income in the UK in 2022/23

11.4 million people (17%) were in relative poverty before housing costs and 14.3 million after housing costs (21%).

This includes 3.2 million children (22%) before housing costs and 4.3 million after housing costs (30%).

The % people in relative low income in 2022/23 was at a similar level to before the pandemic

Relative child poverty was also around the same as pre-pandemic levels

Source: DWP, Households Below Average Income, 2022/23

14% of people in the UK were in absolute low income before housing costs in 2022/23, and 18% were in absolute low income (absolute poverty) after housing costs.

Absolute low income in the UK in 2022/23

9.5 million people (14%) were in absolute low income before housing costs and 12.0 million after housing costs (18%).

This includes 2.6 million children (18%) before housing costs and 3.6 million after housing costs (25%).

The % of people in absolute low income has been fairly steady over the past few years.
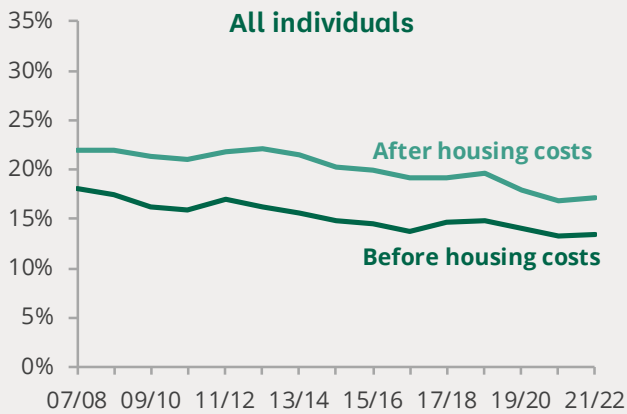
Absolute low income is forecasted to rise due to high inflation
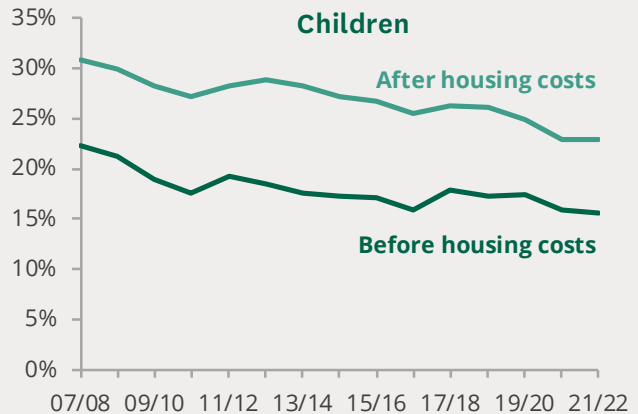
Source: DWP, Households Below Average Income, 2022/23

Over the longer-term, poverty rates have reduced since the late 1990s for children, pensioners, and working-age parents. However, for working-age adults without dependent children the likelihood of being in relative low income has increased.

Food insecurity and material deprivation rose sharply in 2022/23

The number of people in food insecure households rose by around 2.5 million people between 2021/22 and 2022/23, from 4.7 million to 7.2 million. This means 11% of people lived in food insecure households in 2022/23, including 17% of children.

1.9 million **children** were in relative low income (below 70% of median income) and material deprivation in 2022/23, 13% of children in the UK. This is up from 1.6 million in 2021/22.

Other ways of thinking about poverty

There is debate about whether income is the best way to measure poverty. The Social Metrics Commission (SMC), which looks at poverty measurements, proposed basing the measure on the extent that someone's resources meet their needs. This accounts for differences among households such as costs of childcare and disability, savings, and access to assets. The DWP are

developing a new measure called Below Average Resources (BAR), using the framework suggested by the SMC.

A research project funded by the Joseph Rowntree Foundation, a poverty charity, estimates a Minimum Income Standard: the level of income needed to meet a minimum acceptable standard of living each year.

Measures like material deprivation and destitution provide an insight on how many people are unable to afford essentials.

1 Definitions, measurements, and sources

1.1 Relative and absolute low income

There are various ways of defining poverty and no single definition is universally accepted.

The headline poverty measures used in the UK count the number of people falling below a threshold of household disposable income.

Official poverty estimates for the UK are published by the Department for Work and Pensions (DWP) in its annual Households Below Average Income (HBAI) publication.

Two commonly used measures are:

- **Relative low income:** An individual is in relative low income (or relative poverty) if they are living in a household with income below 60% of median household income in that year. This measure essentially looks at inequality between low and middle-income households.

  The median is the point at which half of households have a lower income, and half have a higher income.

- **Absolute low income:** An individual is in absolute low income (or absolute poverty) if they are living in a household with income below 60% of the median household income in 2010/11, adjusted for inflation. By using an income threshold that is fixed in time, this measure looks at how living standards of low income households are changing over time.

However, income will not always reflect the extent to which a family can afford necessities. Therefore, a low income threshold may be combined with an assessment of whether households are able to access key goods and services. This creates a measure of **low income and material deprivation** (see section 13 of this briefing for more).

> ### 1 What do we mean by income?
>
> Individuals and households can get income from a range of sources. These include earnings from employment, cash benefits (for example the state

This briefing will focus on relative and absolute low income/low income.

pension, housing benefit, and tax credits), investments, private pensions, and other forms of income.

In the context of poverty statistics, we generally look at disposable household income, as a guide to how much is available to a household. Disposable household income is measured after adding benefits and deducting direct taxes.

Household income is likely to be more informative than individual income in this context since members of households tend to share income. Certain forms of income are also determined by household composition, for example, tax credit awards or child benefit payments.

However, a larger household is likely to need a higher level of income to enjoy the same standard of living as a smaller household. Therefore, to better compare living standards, the statistics on household income are 'equivalised' to adjust for differences in household size and composition.

Equivalisation means that the income threshold below which someone is considered to be in poverty differs by household type. This means if a family with children has the same (unequivalised) disposable income as a single person it is possible for the family to be counted as being in poverty even if the single person is not, because they have to make their income stretch across all household members.

The standard of living afforded by a given level of income depends on the price of goods and services, so when making comparisons between years we adjust incomes for inflation (to obtain 'real' incomes).

1.2 Measuring income before and after housing costs

Household income may be measured before housing costs or after housing costs are deducted.

A before housing costs measure acknowledges that some households may choose to spend more on housing to enjoy a better quality of accommodation. On the other hand, variations in housing costs may not always reflect differences in the quality of accommodation (for example, geographical differences mean two households could pay very different costs for a

comparable standard of housing). In this case, an after housing costs measure is arguably more useful.[1]

Poverty levels are generally higher when household incomes are measured after housing costs because lower income households tend to spend a larger share of their income on housing than higher income households. The share poorer households spend on housing has been increasing over time: in 1968, housing costs were 9% of average disposable incomes for the poorest quarter of the population, and this rose to 26% in 2015 before falling to 21% in 2021.[2]

1.3   Absolute low income and inflation

An individual is in absolute low income if their household income is below 60% of the median in a base year, adjusted for inflation. DWP's Households Below Average Income (HBAI) publication uses 2010/11 as the base year to measure absolute low income. This briefing also uses 2010/11 as its base year.

The number and percentage of people in absolute low income depends on how you adjust for inflation. The poverty statistics in the HBAI report use an absolute low income threshold uprated based on the Consumer Prices Index (CPI) measure of inflation.[3]

Variations in how households experience inflation

The measure of absolute low income does not account for differences in households' experiences of inflation. Households with different levels of income have different spending patterns, meaning the cost of living may rise more quickly for some households than for others.

Low income households tend to experience a higher inflation rate. Research by the Institute for Fiscal Studies, an independent economic research group, in collaboration with the Joseph Rowntree Foundation, a poverty charity, estimates the proportion of people in absolute low income would have been 0.5% points higher in 2013/14 if the threshold was uprated based on inflation rates that vary with household income.[4]

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[1]   A summary of the arguments for and against deducting housing costs from household income can be found in DWP, Households Below Average Income, 2010/11 (PDF), 11 June 2012, Appendix 2: Methodology, p266.
       See also Appendix A in Jonathan Cribb et al, Living standards, poverty and inequality in the UK: 2017, Institute for Fiscal Studies Report R129, 19 July 2017, pp77-9.

[2]   Institute for Fiscal Studies, Housing costs and income inequality in the UK, 17 November 2023

[3]   Editions of HBAI before 2014/15 used the Retail Prices Index (RPI) measure, which tends to show a higher rate of inflation than the CPI. Annex 4 of the HBAI Quality and Methodology Information Report for 2014/15 compares the trend in absolute low income under both CPI and RPI.

[4]   Joseph Rowntree Foundation, Measuring poverty when inflation varies across households, 5 November 2014.

Data from the Office for National Statistics (ONS) shows that for the most part, the lowest income households have experienced a higher inflation rate than the highest-income households since 2006, but there were periods when it was the other way around, including between 2009 and 2011, and in 2016 and 2017.[5] The rise in inflation from the beginning of 2021 has been driven by the price of essentials like energy and food, so low income households, who spend a bigger than average proportion on essentials, are most affected.

The Library briefing Rising cost of living in the UK provides more information on how different households are affected by inflation.

1.4 How poverty statistics are produced

Official figures for the number of people in relative and absolute low income are published by the DWP in its annual Households Below Average Income (HBAI) publication, with data from the Family Resources Survey. The latest figures are for 2022/23 and were published on 21 March 2024.

The figures in HBAI are largely derived from the Family Resources Survey, which usually surveys over 19,000 households in the UK annually and surveyed around 25,000 households in 2022/23.[6] Survey findings are weighted to produce estimates for the whole UK population. All data in this briefing come from HBAI unless otherwise stated.

1.5 2020/21 and 2021/22 poverty statistics are less reliable than usual

Data for 2020/21 and some data for 2021/22 was collected during coronavirus lockdowns, and the DWP's HBAI technical report explains this affected the reliability of the data.[7]

The DWP judged the 2020/21 data to be too unreliable to publish the usual detailed data breakdowns. This means some time series charts in this briefing show a gap in the data in 2020/21. The DWP said data for 2021/22 are more reliable than 2020/21, so have published all the detailed breakdowns, but advised caution when making comparisons with previous years.[8]

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[5] ONS, Provisional CPIH and CPI-consistent inflation rate estimates for UK household groups: January to September 2023, 15 November 2023

[6] DWP, Family Resources Survey: financial year 2022 to 2023, 26 March 2024
The data for 'very rich' households is adjusted using data from HMRC's Survey of Personal Incomes.

[7] Department for Work and Pensions, Technical report: an assessment of the impact of the COVID-19 pandemic on the HBAI statistics for FYE 2022, 23 March 2023

[8] Department for Work and Pensions, Technical report: an assessment of the impact of the COVID-19 pandemic on the HBAI statistics for FYE 2022, 23 March 2023

A smaller sample size

Lockdowns during the Covid-19 pandemic made it more difficult to collect survey data and face-to-face interviews were replaced with telephone interviews. As a result, the number of households who answered the survey for 2020/21 was around half the size as usual: just over 10,000 compared to around 19,000 in previous years. The sample for 2021/22 data was 16,000 households.

In 2020/21, and to a lesser extent in 2021/22, the respondents left in the sample were more likely than average to be older, own their own home, have a degree, and have fewer children. The DWP has used statistical weights to correct for this, but it still makes the sample less reliable and more difficult to compare with other years.[9]

Changes in household type and benefit claimants

Household types changed during the pandemic, as young adults moved back to their parental homes and working-age adults without children formed support bubbles. This means there were more households made up of couples without children and childless single adults living with a couple. This affected household incomes and individual housing costs.

The number of Universal Credit recipients increased during the coronavirus pandemic, and so did underreporting of benefits (discussed in section 3.5).

1.6   Calls for more comprehensive poverty data

A Work and Pensions Committee report in September 2021 noted that key collections of poverty and wider social deprivation statistics like work status and educational attainment are published separately. It suggested the DWP develop a comprehensive framework to measure for child poverty.[10]

The Social Metrics Commission (SMC) has developed a framework for measuring poverty, which is discussed in section 15 of this briefing.[11] The DWP are developing a new measure called Below Average Resources (BAR), using the framework suggested by the SMC. Initial statistics were published in January 2024 and have been categorised as 'official statistics in development'.[12]

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9   Department for Work and Pensions, Technical report: an assessment of the impact of the COVID-19 pandemic on the HBAI statistics for FYE 2022, 23 March 2023

10   Work and Pensions Committee, Children in poverty: Measurement and targets (PDF), Third Report of Session 2021-22, 15 September 2021

11   Department for Work and Pensions, New poverty statistics developed to help government target support, 17 May 2019

12   DWP, Below Average Resources: Developing a new poverty measure, 18 January 2024

The Office for Statistics Regulation, the UK Statistics Authority's regulator, recommended that DWP and the ONS consider using government administration data more in poverty data, to improve its timeliness and to account for households underrepresented in survey data.[13]

As discussed in section 3.5 of this briefing, the DWP is now able to link 94% of survey responses to their administrative data. This should allow incorrect survey responses about benefits income to be corrected in future publications.[14] One example of the DWP combining survey data and administrative data is the DWP and HM Revenue and Custom's local child poverty data, discussed in section 12.

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[13] Office for Statistics Regulation, Review of income-based poverty statistics (PDF), May 2021, p28
[14] Resolution Foundation, The Living Standards Outlook 2022, 8 March 2022

2 Poverty outlook: the impact of the rising cost of living

CPI inflation increased sharply across the UK during 2021 and 2022 and reached 11.1% in October 2022, a 41-year high, before slowly falling again.[15] This period of high inflation means real incomes have fallen and are likely to continue to fall over the coming years.

2.1 The rising cost of living means real incomes are falling across the income distribution

High inflation meant real (adjusted for CPI inflation) median household incomes fell slightly in 2022/23. Real median income before housing costs was £621 a week in 2022/23, a real fall of £3 a week since 2021/22 and £10 a week since 2019/20. Median income for households with the lowest 10% of incomes fell by £9 from 2021/22 to £237 a week in 2022/23.[16]

In March 2024 the Office for Budget Responsibility forecasted that real household disposable incomes per head will increase by 0.1% in 2024 and then by 1.7% in 2025. Based on these forecasts, real (inflation-adjusted) post-tax income per person will return to its pre-pandemic level (Q4 2019) in Q4 2025.[17] The OBR is an independent fiscal watchdog that analyses public finances and fiscal policy.

According to the Resolution Foundation, in 2023/24 real incomes will be relatively stable across the income distribution, but in 2024/25, there will be a 1% fall for households with the bottom half of incomes (not including pensioners) and a 1% rise for the top half. The fact that low income households face a higher inflation rate than higher income households will increase the gap further.[18]

The Library briefing Rising cost of living in UK explains why low income households face higher inflation, and provides statistics on the impact of rising prices on low income households.

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[15] ONS, Consumer price inflation, UK; based on modelled data back to 1950 from the ONS as the CPI was introduced in 1997 (with consistent data back to 1989).
[16] DWP, Household Below Average Income 2022/23, 21 March 2024, Table 2.1ts
[17] Library calculations based on OBR detailed economy table 1.5 and paras 2.39-2.40 of the OBR EFO
[18] Resolution Foundation, The Living Standards Outlook – Summer 2023 update, 6 September 2024

2.2 Falling incomes have different implications for absolute and relative low income

Absolute low income is set to rise

The number of people in absolute low income increased by 500,000 people before housing costs and 600,000 people after housing costs in the year to 2022/23. Absolute low income is likely to continue to rise in the short run: the Resolution Foundation forecasted in September 2023 that absolute poverty will increase by 300,000 people, from 11.7 million in 2023/24 to 12.0 million in 2024/25. This will bring the percentage of people in low income to 18.0% in 2024/25, the same rate as 2019/20.

This is because real incomes are falling and income is adjusted for inflation when measuring absolute low income.

As shown in the chart below, absolute child poverty is forecast to rise most sharply, while absolute pensioner poverty is set to fall.[19] Pensioners benefit from the State Pension triple lock and are less likely to be hit by rising housing costs.[20]

FIGURE 11: **Absolute poverty rates are projected to worsen rather than improve**
Proportion of people living in absolute poverty, after housing costs: UK

NOTES: Some Department for Work and Pensions poverty numbers are expected to be revised in 2024 / 2025.
SOURCE: RF analysis of DWP, Households Below Average Income, and RF projection including use of the IPPR Tax Benefit Model; ONS, Wealth and Assets Survey; ONS data; Bank of England forecasts; OBR forecasts.

Source: Resolution Foundation, The Living Standards Outlook – Summer 2023 update, 6 September 2024, p18

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19   Resolution Foundation, The Living Standards Outlook – Summer 2023 update, 6 September 2024
20   Resolution Foundation, The Living Standards Outlook 2023, 9 January 2023

Relative low income is set to fall in the short run, but relative child poverty will rise in the long run

Since relative low income compares low income households to median income, the fact that income is falling for everyone means that relative low income is likely to fall between 2022/23 and 2023/24.

The Government also uprated benefits in line with inflation and provided Cost of Living Payments for lower income households in 2022 and 2023/24, which means the incomes of the lowest income households have not decreased as much as the average.[21]

However, the Resolution Foundation expects relative child poverty to return to its upward trend at the end of the cost of living crisis, because the two-child limit and the benefit cap will mean lower income growth for low income households.

The Resolution Foundation forecasted in January 2023 that in 2027/28, relative child poverty will be at its highest level since 1998/99. This increase will be entirely because of an increase in relative child poverty for families with three or more children: the relative child poverty rate for this group will be 55% in 2027/28, and the rate for families with four or more children will be 77%.[22]

FIGURE 38: Financial support for low-income families means relative poverty rates are set to fall during the cost of living crisis

Proportion of people living in relative poverty, after housing costs: GB/UK

NOTES: Outturn data is available for 2020-21 but the values shown here are our nowcasts, as we use 2019-20 rather than 2020-21 data as the starting point for our projections.
SOURCE: RF analysis of DWP & IFS, Households Below Average Income; and RF projection including use of the IPPR Tax Benefit Model, ONS data, and OBR forecasts.

Source: Resolution Foundation, The Living Standards Outlook 2023, 9 January 2023, p75

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[21] Resolution Foundation, From merry Christmas to a messy new year, What 2024 has in store, 29 December 2023

[22] Resolution Foundation, The Living Standards Outlook 2023, 9 January 2023

2.3   Rising cost of living also means an increase in material deprivation and destitution

As discussed in section 13, a household is materially deprived if they cannot access key goods or services. The rising prices of essentials means more families will not be able to afford things like energy and food.

The Office for National Statistics found that in March 2024, of the 48% of UK adults who reported seeing their cost of living rise since the previous month, 41% said they were spending less on essentials. 45% said they were using less energy in their home, and 2% said they were using support from charities including food banks.[23]

As discussed in Section 13.2, the Joseph Rowntree Foundation (JRF) found that 1.8 million households experienced destitution in 2022, a 64% increase since 2019.[24]

As discussed in section 14, the number of people in food insecure households rose sharply in the year to 2022/23.[25] The Trussell Trust, a food bank charity, reported that between April and September 2023 they provided 1.5 million emergency food parcels, a record high for this period, and a 16% increase from the same period in 2022. 65% of these parcels were for families with children.[26]

The Library briefing Fuel Poverty provides more information and statistics on fuel poverty, and the Library briefing Food poverty: Households, food banks and free school meals provides detailed statistics on food poverty.

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[23]   13-24 March 2024; ONS, Public opinions and social trends, Great Britain, 28 March 2024

[24]   Joseph Rowntree Foundation, Destitution in the UK 2023, 24 October 2023

[25]   DWP, Households Below Average Income 2022/23, 21 March 2024, Table 9.1

[26]   Trussell Trust, 1.5 million food parcels distributed as need continues to soar, 8 November 2023

2 The impact of the coronavirus pandemic on poverty

HBAI data suggests there were falls the number of people in relative and absolute low income between 2019/20 and 2020/21, though the DWP notes that the smaller sample sizes in these years may have contributed to some of this difference.[27]

The Joseph Rowntree Foundation, a poverty charity, suggests there were two reasons relative low income might have fallen during 2020/21:

- Median incomes fell due to furloughed workers receiving 80% of their pay and job loss among low paid workers, pushing down the relative low income line;

- An increase in benefits like the £20 per week Universal Credit uplift increased the incomes of benefit recipients.[28]

Some groups were more affected by the pandemic than others

The Joseph Rowntree Foundation found that the following groups – who were already more likely than average to be in poverty – were more likely to be affected by the economic impacts of the pandemic:[29]

- **Low paid workers**: median wages in the sectors shut down by the pandemic were among the lowest in the economy, and low paid workers were less likely to be able to work from home.[30] This means low-paid workers are more likely to have lost their jobs or been furloughed.

- **Minority ethnic groups**: workers from minority ethnic groups made up a larger than average proportion of the jobs in sectors vulnerable to the coronavirus pandemic.[31]

- **Lone parents**: lone parents are more reliant on local jobs, and more likely to have struggled with childcare during lockdown.

- **Private renters and social renters**: private renters have higher housing costs and social renters tend to have lower incomes.

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[27] Department for Work and Pensions, Technical report: an assessment of the impact of the COVID-19 pandemic on the HBAI statistics for FYE 2022, 23 March 2023

[28] Joseph Rowntree Foundation, UK Poverty 2020/21, 13 January 2021

[29] Joseph Rowntree Foundation, UK Poverty 2020/21, 13 January 2021

[30] ONS, Annual Survey of Hours and Earnings, 2021

[31] Library analysis of the Annual Population Survey 2018/19, using IFS definition of vulnerable sectors.

3   Recent trends

This section summarises the most recent Households Below Average Income data for all individuals, children, pensioners and working-age adults in relative and absolute low income.

3.1   People in poverty

Poverty - all individuals 2021/22 and 2022/23				
	Relative low income		Absolute low income	
	number (millions)	%	number (millions)	%
Before housing costs				
2021/22	11.0	17%	8.9	13%
2022/23	11.4	17%	9.5	14%
After housing costs				
2021/22	14.4	22%	11.4	17%
2022/23	14.3	21%	12.0	18%

Source: DWP, Households Below Average Income, 2022/23, Tables 1.3a and 1.3b

11.4 million people (17%) were in relative low income before housing costs and 14.3 million (21%) were in relative low income after housing costs in 2022/23.

9.5 million people (14%) were in absolute low income before housing costs and 12.0 million (18%) were in absolute low income after housing costs.

None of the changes between 2021/22 and 2022/23 shown in the table above were statistically significant.

Pecentage of people in relative low income

Great Britain(1997/98-2001/02) and UK (2002/03 onwards)

Source: DWP, Households Below Average Income, 2022/23, Table 1.3a

Percentage of people in absolute low income

Great Britain (1997/98-2001/02) and UK (2002/03 onwards)
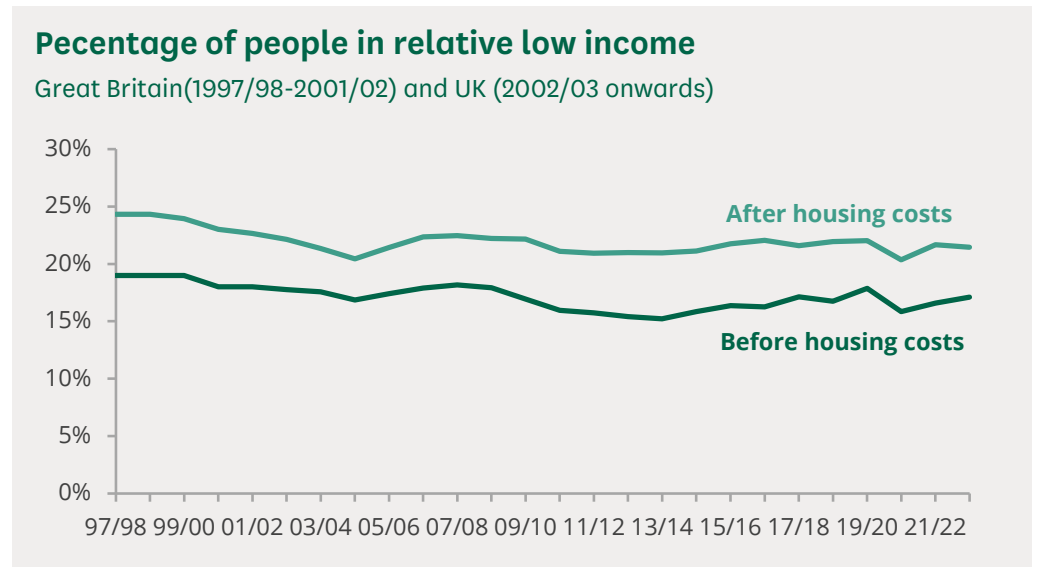
Source: DWP, Households Below Average Income, 2022/23, Table 1.3a

3.2   Children in poverty

Poverty - children 2021/22 and 2022/23				
	Relative low income		Absolute low income	
	number (millions)	%	number (millions)	%
Before housing costs				
2021/22	2.9	20%	2.2	16%
2022/23	3.2	22%	2.6	18%
After housing costs				
2021/22	4.2	29%	3.3	23%
2022/23	4.3	30%	3.6	25%

Source: DWP, Households Below Average Income, 2022/23, Table 1.4a and 1.4b

3.2 million children (22%) were in relative low income before housing costs and 4.3 million (30%) were in relative low income after housing costs in 2022/23. This is the highest level of child poverty after housing costs since HBAI records began in 1994/95.

2.6 million (18%) children were in absolute low income before housing costs and 3.6 million (25%) were in absolute low income after housing costs.

None of the changes between 2021/22 and 2022/23 shown in the table above were statistically significant.

Percentage of children in relative low income
Great Britain (1997/98-2001/02) and UK (2002/03 onwards)

Source: DWP, Households Below Average Income, 2021/22, Table 1.4a

Percentage of children in absolute low income

Great Britain (1997/98-2001/02) and UK (2002/03 onwards)
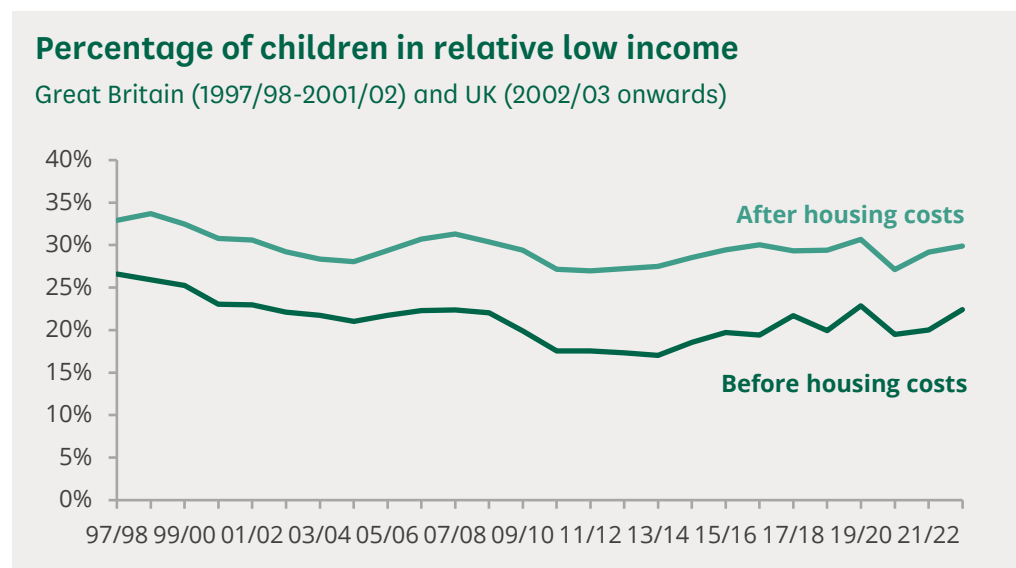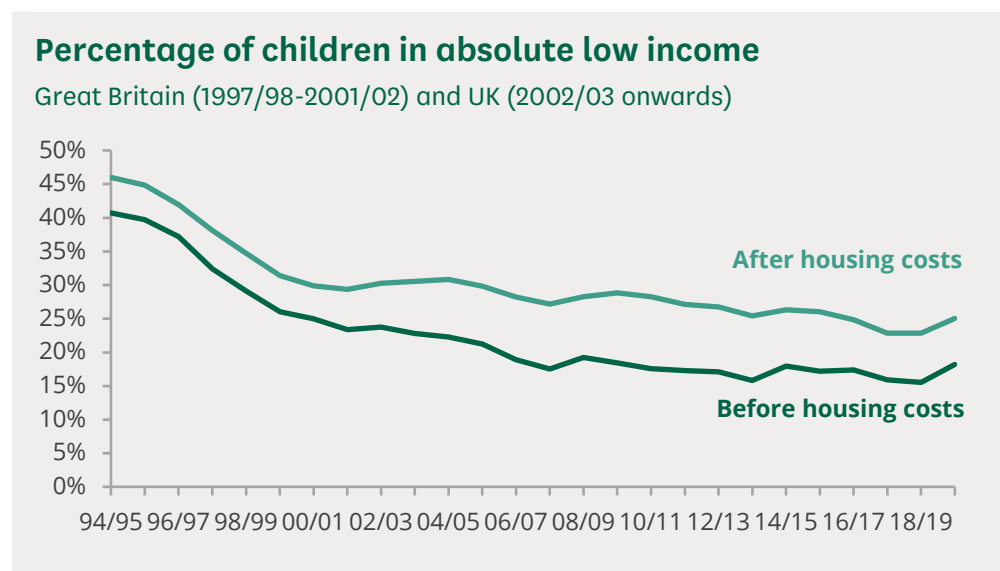
Source: DWP, Households Below Average Income, 2021/22, Table 1.4a

3.3   Pensioners in poverty

In Households Below Average Income data, everyone above State Pension age is defined as a pensioner.

Poverty - pensioners

2021/22 and 2022/23

	Relative low income		Absolute low income	
	number (millions)	%	number (millions)	%
Before housing costs				
2021/22	2.1	18%	1.7	14%
2022/23	2.2	19%	1.8	15%
After housing costs				
2021/22	2.1	18%	1.4	12%
2022/23	1.9	16%	1.4	12%

Source: DWP, Households Below Average Income, 2022/23, Table 1.6a and 1.6b

2.2 million pensioners (19%) were in relative poverty before housing costs and 1.9 million (16%) were in relative low income after housing costs in 2022/23.

1.8 million pensioners (15%) were in absolute low income before housing costs and 1.4 million (12%) were in absolute low income after housing costs.

None of the changes between 2021/22 and 2022/23 shown in the table above were statistically significant.

When analysing pensioner incomes, it is considered more useful to look at incomes after housing costs, since around three-quarters of pensioners own their homes. Pensioners are defined as all adults above State Pension age.

Percentage of pensioners in relative low income

Great Britain (1997/98-2001/01) and UK (2002/03 onwards)

Before housing costs

After housing costs

Source: DWP, Households Below Average Income, 2022/23, Table 1.6a

Percentage of pensioners in absolute low income

Great Britain (1887/98-2001/02) and UK (2002/03 onwards)

Before housing costs

After housing costs

Source: DWP, Households Below Average Income, 2022/23, Table 1.6a

3.4   Working-age adults in poverty

Poverty - working age adults 2021/22 and 2022/23				
	Relative low income		Absolute low income	
	number (millions)	%	number (millions)	%
Before housing costs				
2021/22	6.0	15%	5.0	12%
2022/23	6.0	15%	5.1	12%
After housing costs				
2021/22	8.1	20%	6.6	16%
2022/23	8.1	20%	6.9	17%

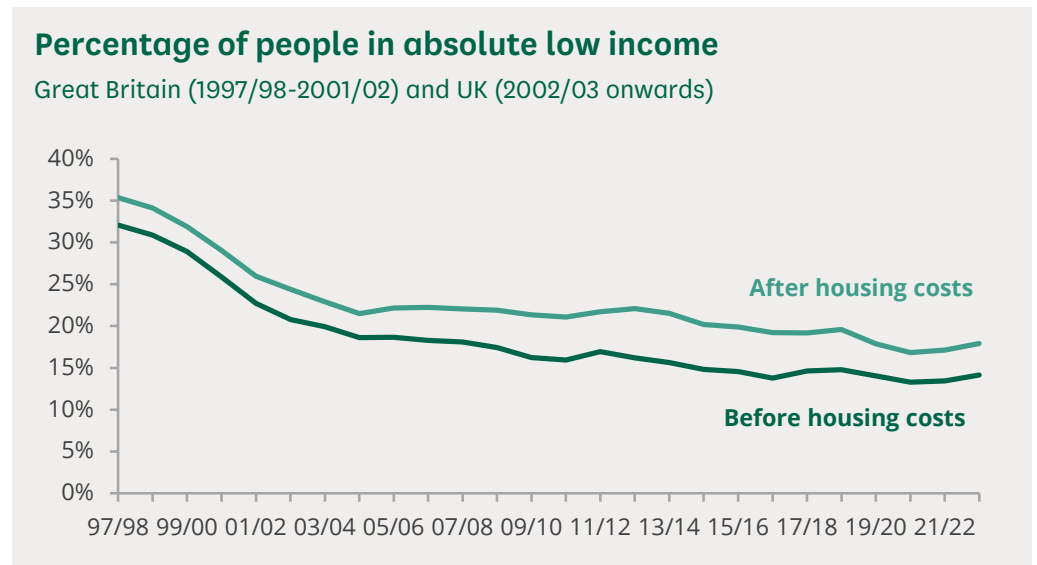Source: DWP, Households Below Average Income, 2021/22, Table 1.5a and 1.5b

6.0 million working age adults (15%) were in relative low income before housing costs and 8.1 million (20%) were in relative low income after housing costs in 2021/22.

5.1 million working age adults (12%) were in absolute low income before housing costs and 6.9 million (17%) were in absolute low income after housing costs.

None of the changes between 2021/22 and 2022/23 shown in the table above were statistically significant.

The likelihood of being in poverty varies by family status: the charts below shows that adults with dependent children have historically been more likely to be in poverty than childless working age adults.

The 2020/21 HBAI figures do not include a breakdown by family status so there is a break in the series in the charts below.
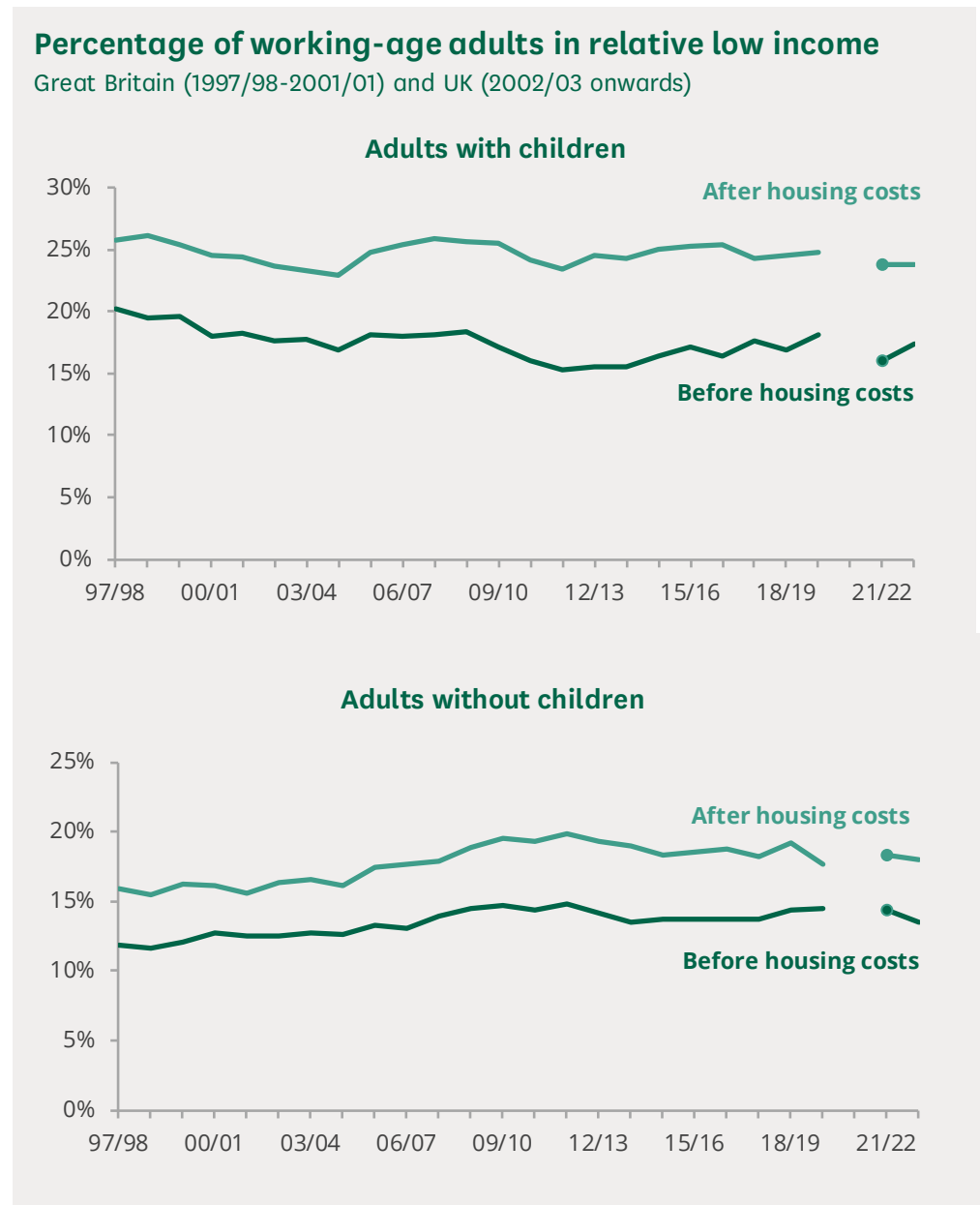
Percentage of working-age adults in relative low income
Great Britain (1997/98-2001/01) and UK (2002/03 onwards)

Adults with children

Adults without children

Notes:

Figures for 1997/98 to 2001/02 are for Great Britain; figures for 2002/03 onwards are for the UK.

Because of data collection issues during coronavirus lockdowns, data for 2021/21 is not available.

Source: DWP, Households Below Average Income, 2022/23, Table 1.5a

Percentage of working-age adults in absolute low income
Great Britain (1997/98-2001/01) and UK (2002/03 onwards)

Adults with children

Adults without children
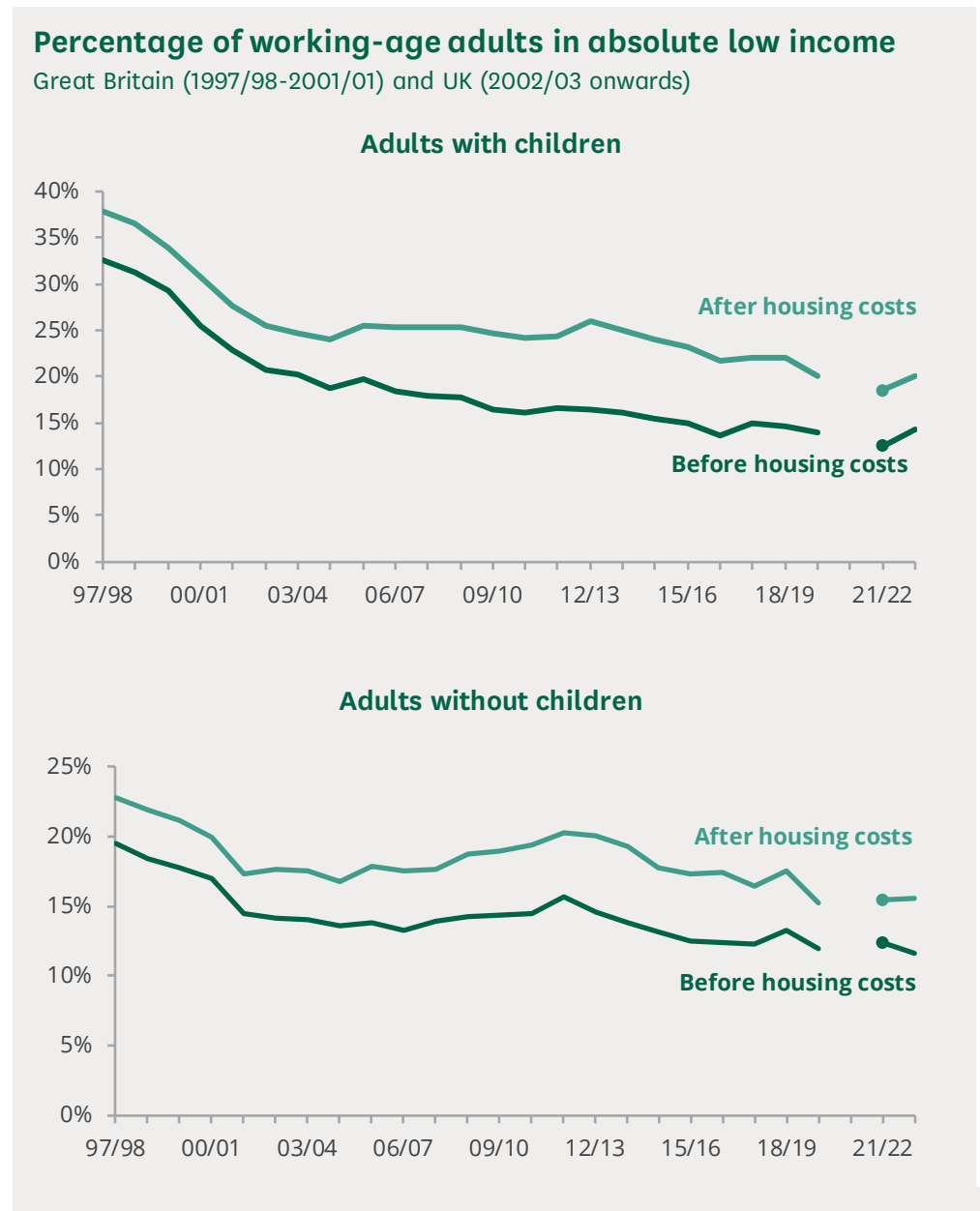
Figures for 1997/98 to 2001/02 are for Great Britain; figures for 2002/03 onwards are for the UK. Because of data collection issues during coronavirus lockdowns, data for 2021/21 is not available.

Source: DWP, Households Below Average Income, 2022/23, Table 1.5a

3.5 Under-reporting of benefit income is likely to inflate poverty estimates

Poverty levels may be somewhat lower than stated in the official statistics once adjustments are made for households under-reporting the amount they receive in benefits.

The DWP's Family Resources Survey is the best source of data on household incomes in the UK but underestimates the total amount of benefit income

received by households compared to administrative data on what the Government actually pays out in benefits.[32]

Analysis by the Resolution Foundation indicates that benefit income as recorded in the Family Resources Survey in 2016/17 only came to 82% of actual government expenditure on benefits for private households in the UK. This left an unexplained gap of £37 billion compared to government expenditure, or around 4% of total disposable income reported in the survey. The gap has increased from around 2% of total disposable income at the start of the 2000s.[33]

The under-reporting of benefit income is likely to have the greatest impact on income estimates for households at the lower end of the income distribution, since these households tend to draw a larger share of their total income from benefits. If this is indeed the case, then incomes across the bottom half of the distribution will be higher relative to median income than is reported in the Family Resources Survey. That would mean official estimates for the proportion of people in relative low income are overstated.

As discussed in section 1.5, in 2020/21 there was a large undercount of benefit income between April and September 2020 (42% less than administrative data shows), and a much smaller undercount between October 2020 and March 2021 (5% less). This affected statistics on the number of children in low income.[34]

The DWP is now able to link at least 95% of survey responses to its administrative data.[35] In future, this should allow incorrect survey responses about benefits income to be corrected. Doing so was recommended by a review by the Office for Statistics Regulation[36] and is part of the Government Statistical Service's "vision for [the] coherence of income and earnings statistics".[37] The publication Family Resources Survey Transformation: integrating administrative data into the FRS provides more detail about the DWP's plans.

How do poverty estimates change when we factor in the missing benefit income?

There is no easy way to correct the survey data so that it balances with the administrative data on benefit expenditure. Nevertheless, estimates from the Resolution Foundation suggest that once we adjust for the 'missing' benefit income in the Family Resources Survey, then 18% of people were in relative

[32]   Resolution Foundation, Improving our understanding of UK poverty will require better data, 6 January 2021

[33]   Resolution Foundation, The Living Standards Audit 2018, 24 July 2018, p48-54.

[34]   Department for Work and Pensions, Technical report: assessment of the impact of COVID-19 on the HBAI statistics for FYE2021, 31 March 2022

[35]   Department for Work and Pensions, Statistical work programme, 4 March 2024, section 2.4

[36]   Office for Statistics Regulation, Review of income-based poverty statistics, May 2021

[37]   Government Statistical Service, Vision for coherence of income and earnings statistics, Resolution Foundation, The Living Standards Outlook 2022, 8 March 2022

low income after housing costs in 2016/17, compared to an estimate of 22% based on the unadjusted survey data. [38]

Poverty levels are lower when we account for under-reporting of benefit income

% of people in relative low income after housing costs, GB, 2016/17: Resolution Foundation estimates

	Headline estimate (unadjusted)	Estimate adjusted for missing benefit income
All people	22%	18%
Children	30%	24%
Working-age adults	21%	18%
Pensioners	16%	11%

Source: Resolution Foundation, The Living Standards Audit 2018, 24 July 2018, pp48-54.

After adjusting for the missing benefit income, poverty levels are estimated to be lower in every year since 1994/95. The adjusted data also suggest that poverty levels **fell more quickly during the 2000s** than is indicated by the unadjusted data.

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[38]   Resolution Foundation , The Living Standards Audit 2018, 24 July 2018, p65.

4   Trends in poverty statistics since 1961

This section summarises poverty trends since the 1960s using [data compiled by the Institute for Fiscal Studies](#) (IFS).[39]

There was a large increase in the proportion of people in relative low income during the 1980s, followed by a gradual decline.

Percentage of population in relative low income
Great Britain (1961-2001/02) and UK (2002/03 onwards)
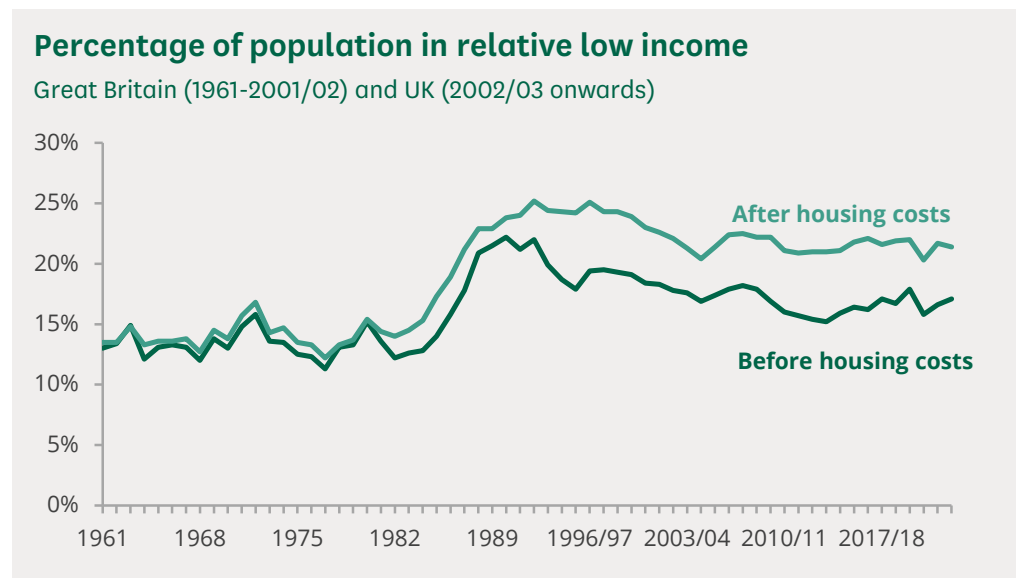
Note: Years refer to calendar years up and including 1992 and financial years from 1993/94 onwards.
Source: Institute for Fiscal Studies, [Living standards, poverty and inequality in the UK](#), 21 March 2024, using data compiled from the Family Resources Survey and Family Expenditure Survey

The proportion of people in absolute low income, on the other hand, has greatly reduced over the past fifty years. This is because over most of this period growth in incomes outstripped inflation.

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[39]   Institute for Fiscal Studies, [Living standards, poverty and inequality in the UK](#), 21 March 2024, using data compiled from the Family Resources Survey and Family Expenditure Survey

Percentage of population in absolute low income

Great Britain (1961-2001/02) and UK (2002/03 onwards)

After housing costs

Before housing costs
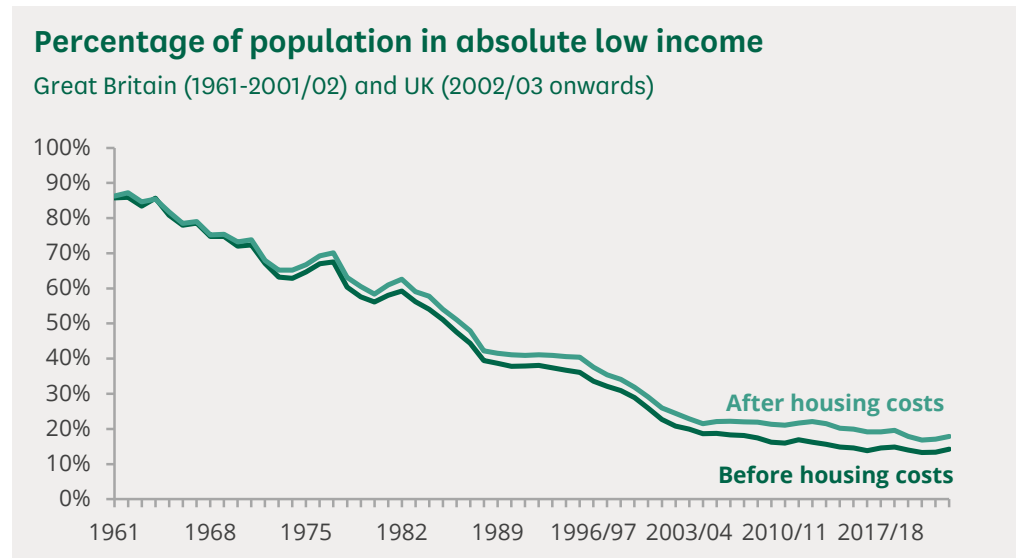
Source: Institute for Fiscal Studies, Living standards, poverty and inequality in the UK, 21 March 2024, using data compiled from the Family Resources Survey and Family Expenditure Survey

These overall trends mask differences between groups. The proportion of pensioners (people aged 65+) in poverty is much lower now than during the 1960s, but poverty rates for children and working-age adults are higher.

Poverty rates for children, pensioners and working-age adults converged after the economic downturn in 2008 and are now much closer than they were historically.

Percentage of population in relative low income

Great Britain (1961-2001/02) and UK (2002/03 onwards), before housing costs

Pensioners

Children

Working-age, with children

Working-age, without children
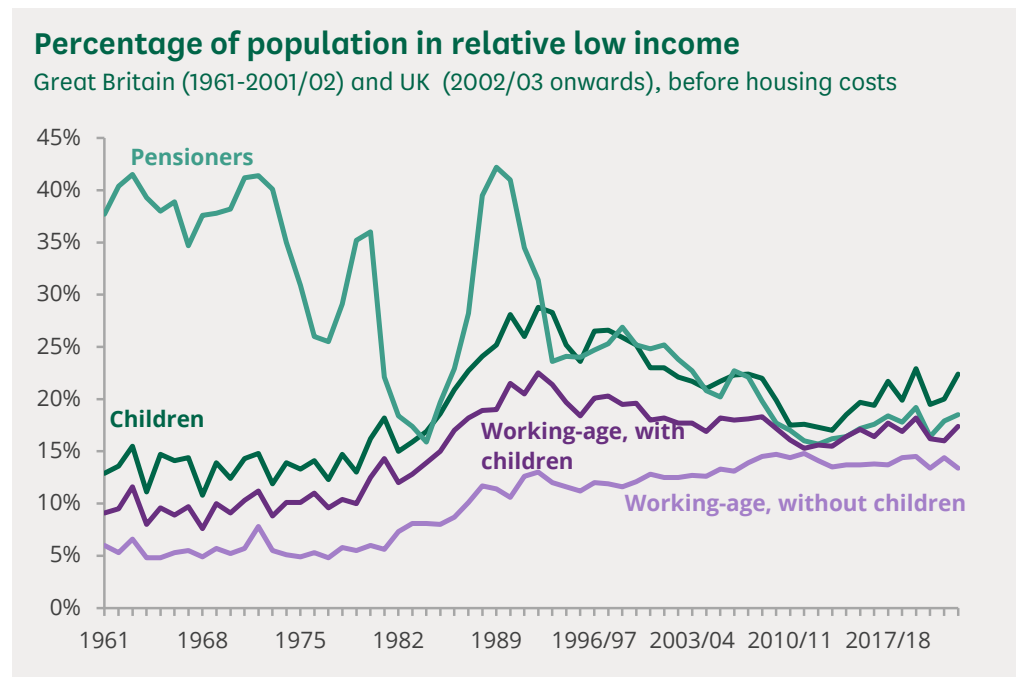
Notes:

Years refer to calendar years up and including 1992 and financial years from 1993/94 onwards.

Source: Institute for Fiscal Studies, using data compiled from the DWP, Family Resources Survey and Family Expenditure Survey

5   Poverty dynamics: persistent poverty and entering and exiting poverty

Households may move in and out of poverty from year to year. The figures presented in the sections above are a snapshot of the number of people in poverty at one point in time and do not tell us how many people are entering or exiting poverty each year, or for how long someone experiences poverty. For information on the duration of poverty we need to turn to surveys which track individuals over a number of years.

5.1   Persistent poverty

An individual is defined as being in persistent poverty if they have been in relative low poverty for at least three out of the past four years.[40]

Between 2018/19 and 2021/22, 9% of individuals were in persistent low income before housing costs and 12% were in persistent low income after housing costs, based on data from the Understanding Society survey.[41]

- On an after housing costs basis, children were most likely, and working-age adults and pensioners were least likely to experience persistent low income, as shown in the table below.
- On a before housing costs basis, children and pensioners were most likely and working-age adults were least likely to experience persistent low income. Since most pensioners own their own homes, their housing costs tend to be lower than for other groups.

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[40]   This was the definition used in the Child Poverty Act 2010, which set targets (later removed by the Welfare Reform and Work Act 2016) for reducing child poverty as counted using four different poverty measures, including persistent low income.

[41]   Figures are published in DWP, Income Dynamics, 2010 to 2022, 21 March 2024.

Percentage of people in persistent low income UK, 2018/19 to 2021/22, before housing costs (BHC) and after housing costs (AHC)				
	Persistent low income		Compared to % of people in relative low income, 21/22*	
	BHC	AHC	BHC	AHC
All individuals	9%	12%	17%	22%
Children	10%	17%	20%	29%
Working-age adults	7%	11%	15%	20%
Pensioners	11%	10%	18%	18%

* These figures are not the Households Below Average Income (HBAI) estimates for the proprotion of people in relative low income; rather they are provided here for comparative purposes only. HBAI estimates for relative low income are collected via the Family Resources Survey and are set out in the sections above.

Source: DWP, Income Dynamics, Tables 1 and M.9 (based on Understanding Society survey), 2024

The Understanding Society survey gives a slightly lower estimate for the proportion of people in relative low income in 2020/21 than the DWP's Family Resources Survey (the main source of statistics on relative and absolute low income).[42]

Who experiences persistent low income?

The likelihood that an individual is in persistent low income varies according to the employment status of the family and housing tenure, among other factors. Rates of persistent low income were particularly high for the following groups (based on people's circumstances at the start of the four year period 2018/19 to 2021/22):[43]

- 16% of individuals living in families **where no adults worked** were in persistent low income before housing costs and 19% after housing costs.
- 15% of individuals in **social rented** accommodation were in persistent low income before housing costs and 29% after housing costs.
- Although the proportion of people in **private rented** accommodation in persistent low income before housing costs (11%) was similar to the average for the total population, the proportion increased to 24% based on incomes after housing costs.
- 20% of adults **with no qualifications** were in persistent low income before housing costs and 23% after housing costs.

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[42]   The methodologies of these surveys differ. DWP, Income Dynamics: income movements and the persistence of low income, 2010 to 2019, 25 March 2021, outlines the methodology of Understanding Society.

[43]   For some individuals, their circumstances will have changed over this period. For example, the group of individuals living in families where no one was in work in 2018/19 will include individuals who were working in subsequent years.

- Levels of persistent low income were higher in households where the household reference person was from certain ethnic groups: [44] 13% of people from a Black/ African/ Caribbean/ Black British ethnic group were in persistent low income before housing costs and 25% after housing costs. For people from an Asian/Asian British ethnic group, the proportions were at 16% before housing costs and 24% after housing costs.
- 16% of **children in lone parent families** were in persistent low income before housing costs and 30% after housing costs.

The rate of persistent low income for families with children and pensioners decreased from the start of the 1990s. However, the rate has increased for single working-age people without children. This is similar to the trends in the proportion of people in relative low income in any one year, as discussed in section 3. [45]

These figures are taken from DWP's Income Dynamics publication, which is based on the Understanding Society survey. [46]

Other estimates: Survey of Living Conditions

Data on persistent low income in the UK was also collected through the European Union Statistics on Income and Living Conditions (EU-SILC) survey until 2018. [47] The Office for National Statistics has begun to collect data for the Survey on Living Conditions for Great Britain but has yet to publish data on persistent poverty. [48]

5.2 Poverty entry and exit rates

Understanding Society provides estimates of the proportion of people entering and exiting low income between one year and the next. It uses a strict definition of entry and exit so that the estimates "only include 'clear' transitions" into and out of low income. Only people who move from having an income above the relative low income threshold to having an income **at least 10% below** the threshold in the following year are counted as entering poverty.

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[44]   As explained in Section 9, the household reference person is usually the person in whose name the accommodation is owned or rented, or the person in the household with the highest income.

[45]   DWP, Income Dynamics, 2010 to 2022, 21 March 2024, Tables 2.1 and 3.1 and DWP, Low income Dynamics: 1991-2008 (Great Britain) (PDF), September 2010, Table 8.1.

[46]   This survey has been running since 2010 and replaced the British Household Panel Survey. Data from the older survey were formerly published in a DWP release, Low Income Dynamics, and ended in 2008. It is not directly comparable with the Income Dynamics series.

[47]   Eurostat, Income and Living Conditions database, Persistent at-risk-of-poverty rate by sex and age - EU-SILC survey, Table ilc_li21. See also ONS, Persistent Poverty in the UK and EU: 2017, 6 June 2019.

[48]   ONS, Survey on Living Conditions (accessed 26 March 2024)

Similarly, for someone to be counted as exiting poverty, they must go from having an income below the threshold to having an income **at least 10% above** the following year's threshold. Figures refer to income before housing costs.[49]

- On this basis, around a two-fifths of the population (38%) in relative low income in 2020/21 were no longer in relative low income in 2021/22 (the "exit rate").
- Of those people not in relative low income in 2020/21, around 8% were in relative low income in 2021/22 (the "entry rate").

The exit rate is calculated as a percentage of the population in relative low income while the entry rate is calculated as a percentage of the population **not** in relative low income. Since there are many more people not in poverty than in poverty, the exit rate is much higher than the entry rate.

Figures refer to incomes before housing costs. Older data for the proportions of people entering and exiting poverty over the period 1991-2008 can be found in the DWP's Low income Dynamics publication.

5.3 Factors associated with entering poverty

The chart below shows some of the factors associated with entering relative low income after housing costs.

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[49]   DWP, Income Dynamics, 2010 to 2022, 21 March 2024

Factors associated with entering poverty, 2020/21 to 2021/22

The percentage of people who experienced these events entered relative poverty, after housing costs

Change to a lone parent household	58%
Fall in household earnings	26%
a change in tenure	20%
Change from a working to a workless household	16%
Fall in benefit income	16%
Increase in the number of children	15%
Fall in the number of workers in household	13%
Fall in other income	11%
Change from a couple to a single person household	10%
Fall in occupational pension income	10%
Fall in investment income	10%
Increase in housing costs	9%

Source: DWP, Income Dynamics, Tables 1 and M.9

Several reports discuss the reasons or events associated with people entering or exiting poverty. These include:

- DWP, An evidence review of the drivers of child poverty for families in poverty now and for poor children growing up to be poor adults (PDF), January 2014 (discussed further below)
- Work and Pensions Committee, Children in poverty: Measurement and targets, Third Report of Session 2021–22, 22 September 2021
- Conor D'Arcy and David Finch, The Great Escape? Low pay and progression in the UK's labour market, Resolution Foundation report for the Social Mobility Commission, October 2017
- DWP, Child poverty transitions: exploring the routes into and out of poverty 2009 to 2012, June 2015
- ONS, Poverty and employment transitions in the UK and EU: 2007-2012, March 2015

In particular, the DWP Evidence Review in 2014 (PDF) investigated the extent different factors contribute to children's chances of exiting or remaining in relative low income.[50]

The table below shows the influence of different factors on how long a child is in poverty. The review found that the most important factors preventing families from exiting poverty were long-term worklessness and low income of parents and parental qualification.

Relative influence of factors on length of child poverty spell

Factor	Certainty	Strength	Coverage
Long-term worklessness and low earnings	High	High	High
Parental qualifications	High	High	High
Family instability	High	Medium	Medium
Family size	High	Medium	Medium
Parental ill health and disability	Medium	Medium	Medium
Drug and alcohol dependency	High	High	Low
Child ill health	Medium	Low	Low
Housing	Low	Low	Medium
Debt	Low	Low	Medium
Neighbourhood	Low	Low	Medium

Source: HM Government, An evidence review of the drivers of child poverty for families in poverty now and for poor children growing up to be poor adults (PDF), January 2014, Table 1

The table below shows the influence of different factors on future poverty of children. Although educational attainment does not have a bearing on poverty in the short term, it was identified as the main driver that causes poor children to become poor adults:

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50   HM Government, An evidence review of the drivers of child poverty for families in poverty now and for poor children growing up to be poor adults (PDF), Cm 8781, January 2014, pp6-8

Relative influence of factors on future poverty			
Factor	Certainty	Strength	Coverage
Educational attainment	High	High	High
Parental qualifications	High	Medium	High
Childhood poverty	Medium	Medium	High
Home learning environment	Medium	Medium	High
Non-cognitive development	Medium	Medium	High
Parental ill health and disability	Medium	Medium	Medium
Child ill health	High	Medium	Low
Long-term worklessness and low earnings	Medium	Low	High
Family size	Medium	Low	Medium
Neighbourhood	Medium	Low	Medium
Family instability	Medium	Low	Medium
Drug and alcohol dependency	Low	High	Low
Housing	Low	Low	Medium
Debt	Low	Low	Medium

Source: HM Government, An evidence review of the drivers of child poverty for families in poverty now and for poor children growing up to be poor adults (PDF), January 2014, Table 2

5.4 Government indicators of disadvantage affecting families and children

The Government sets out indicators "to track progress in tackling the disadvantages that affect families' and children's lives" in an April 2017 policy paper, Improving Lives: Helping Workless Families.

The indicators fall into nine areas. Six areas focus on parents and track worklessness and "associated disadvantages":

- parental worklessness
- parental conflict
- poor parental mental health
- drug and alcohol dependency
- problem debt
- homelessness

Three areas look at outcomes for children and young people in:

- early years
- educational attainment

- youth employment[51]

Data on each of the nine indicators is published each year as part of a [DWP evidence base for the Improving Lives: Helping Workless Families](#) publication.

A detailed [Analysis and Research Pack (PDF)](#) looks in depth at the characteristics and outcomes for children living in families where no parent is in work and for children experiencing the other kinds of disadvantage. It also summarises research on the relevance of and associations between different indicators.[52]

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[51] For further background information on these statutory indicators, see the Library briefing paper prepared for second reading of the [Child Poverty in the UK (Target for Reduction) Bill, 2016-17](#) (1 February 2017).

[52] DWP, [Improving Lives: Helping Workless Families – Analysis and Research Pack](#), 29 March 2018

6   Poverty and employment

This section examines how work affects poverty rates.

6.1   People in working families are less likely to be in poverty

People living in families where no adults are in employment (described in the Households Below Average Income publication as "workless families") are much more likely to be in poverty than people living in families where at least one person works ("working families"). 37% of working-age adults living in workless families were in relative low income before housing costs in 2022/23, compared to 10% in families where at least one adult was in work.[53]

Nevertheless, working-age adults living in families where at least one person is in work make up the majority (56%) of all working-age adults in relative low income. This is because there are many more working than workless households to begin with: 82% of working-age adults live in families where at least one person works.

The same holds true for child poverty: 59% of children in workless families were in relative low income before housing costs compared to 17% in families where at least one person works. But since there are many more working than workless families, children living in working families comprise the majority (66%) of children in relative low income.[54]

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[53] DWP, Households Below Average Income, 2022/23, Table 5.11ts
[54] DWP, Households Below Average Income, 2022/23, Table 4.6ts and 4.14ts

Percentage of people (all ages) in relative low income

By economic status of adults in the family: UK, 2022/23

	Before housing costs	After housing costs
Single/couple all in full-time work	3%	6%
Couple, one full-time, one part-time	7%	10%
One or more full-time self-employed	19%	22%
Couple, one full-time, one not working	23%	34%
Workless, one or more aged 60+	23%	21%
No full-time, one or more part-time	25%	33%
Workless, other economically inactive	41%	53%
Workless, one or more unemployed	59%	69%

Source: DWP, Households Below Average Income, 2022/23, Table 3.5db

6.2   Trends over time

The risk of relative low income for children in workless families is lower than at the end of the 1990s, as shown in the chart on the left below. Following the 2008 recession there was a sharp reduction in the proportion of children in workless families in relative low income. Although real incomes from employment fell after the recession, benefit income (which is the most important income source for workless families) was more stable. However, in the past few years there has been a clear break from the longer-term trend as the proportion of children in workless families who are in relative low income increased from 37% in 2013/14 to 59% in 2022/23.

For families where at least one adult is in work ("working families"), the proportion of children in relative low income has remained broadly similar over the past twenty years.

During this period, the total population of children living in working families has increased and the population living in workless families has decreased.

As the total number of children living in workless families has decreased along with the risk of poverty for these children, children in working families have formed an increasing share of all children in poverty. The number of children in workless families increased slightly between 2019/20 and 2022/23, which caused a small fall in the percentage of children in poverty who live in working families. This is shown in the chart on the right.

% of children in working and workless families who are in relative poverty before housing costs
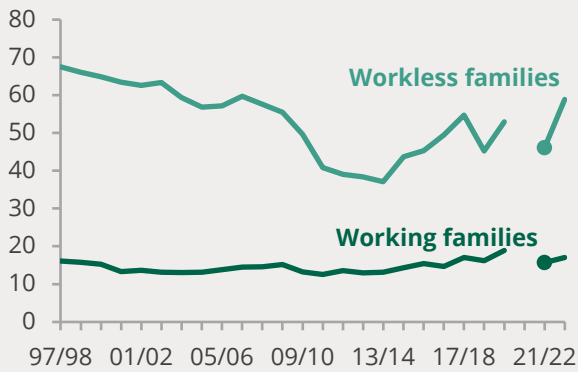
% of children in relative poverty before housing costs who live in working families
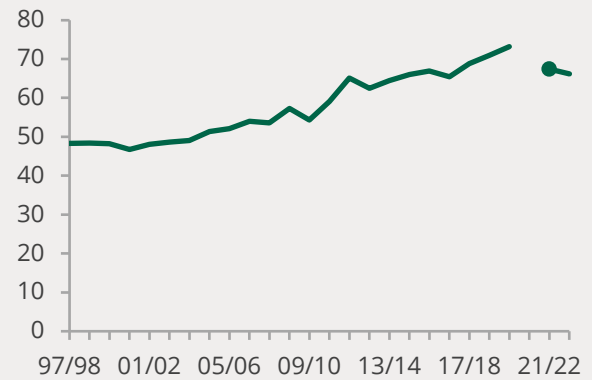
Notes:
Figures for 1994/95 to 2001/02 are for Great Britain; figures for 2002/03 onwards are for the UK
Because of data collection issues during coronavirus lockdowns, data for 2020/21 is not available.

Source: DWP, Households Below Average Income, 2022/23, Tables 4.14ts and 4.6ts

The share of working-age adults in poverty who live in working families has also increased over the past decade, but changes are more muted than for children.

The risk of poverty for individuals in both working and workless families remained fairly steady until the 2008 recession. After 2008, there was a reduction in the proportion of working-age adults in workless families who were in relative low income.

% of working-age adults in working and workless families who are in relative poverty before housing costs
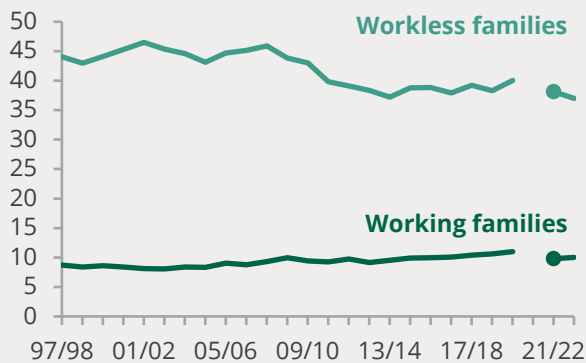
% of working-age adults in relative poverty before housing costs who live in working families
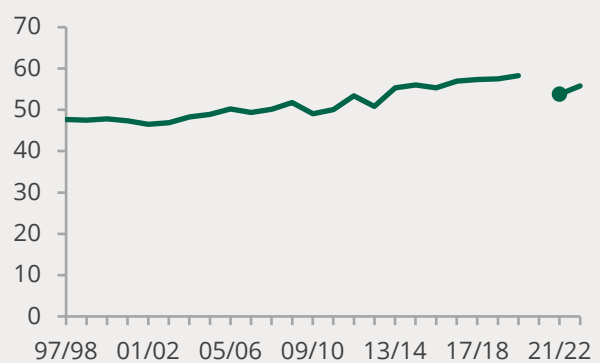
Notes:
Figures for 1994/95 to 2001/02 are for Great Britain; figures for 2002/03 onwards are for the UK.
Because of data collection issues during coronavirus lockdowns, data for 2021/21 is not available.

Source: DWP, Households Below Average Income, 2022/23, Tables 5.11ts and 5.5ts

7 Poverty and housing tenure

This section examines how housing tenure affects poverty rates, and how this has changed over time.

7.1 Social and private renters are most likely to be in poverty

People living in social rented or private rented accommodation are more likely to be in relative low income after housing costs are considered than people who own their home. Around 44% of people in the social rented sector and 35% of people in the private rented sector were in relative low income after housing costs in 2022/23.[55]

Low housing costs for people who own their homes outright means that fewer owner occupiers (people who own the accommodation they live in) are counted as being in poverty based on incomes after housing costs than incomes before housing costs.[56]

Percentage of people (all ages) in relative low income
By housing tenure, UK, 2022/23

	Before housing costs	After housing costs
Social rented	31%	44%
Private rented	18%	35%
Owned outright	19%	14%
Buying with mortgage	8%	10%

Source: DWP, Households Below Average Income, 2022/23, Table 3.6db

56% of children living in the social rented sector and 46% of children living in the private rented sector were in relative low income after housing costs in 2022/23.

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55   DWP, Households Below Average Income, 2022/23, Table 3.6db
56   Housing costs include mortgage interest payments but exclude mortgage capital repayments.

% of children in relative low income, by housing tenure
UK, 2022/23
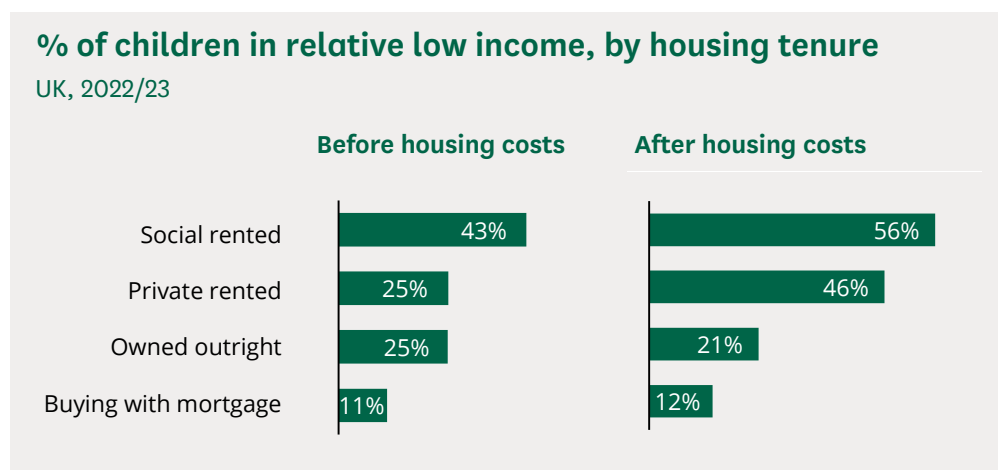
Source: DWP, Households Below Average Income, 2022/23, Table 4.6db

Although the proportion of owner occupiers in relative low income after housing costs is much smaller than the proportion of private or social renters, people who own their own home still formed over a third of people (and over a quarter of all children) in relative low income after housing costs in 2022/23. This is because the overall population who are owner occupiers is larger than the population living in the private or social rented sectors.

7.2   Trends over time

The rate of relative low income within each tenure is lower than it was at the end of the 1990s, as shown in the first of the charts below. However, over the same period the size of the private rented sector has greatly increased, with the result that a higher share of all poor people is now living in the private rented sector. Around 13.0 million people in the UK were living in private rented housing in 2022/23, up from 5.0 million in 1997/98.[57] This can be attributed to a fall in the proportion of households who own their own home, but also to reduced availability of social rented accommodation for poorer households.[58]

As the overall size of the private rented sector has grown, the number of people in relative low income after housing costs living in the private rented sector has increased from 2.1 million to 4.5 million.

32% of all people in relative low income after housing costs lived in the private rented sector in 2022/23, around the same as the proportion who were in the social rented sector. This compares to 15% of people in relative low income after housing costs renting privately in 1997/98.

---

[57]   DWP, Households Below Average Income, 2022/23, via Stat-Xplore
[58]   Institute for Fiscal Studies, The cost of housing for low income renters, 13 October 2017; see also Joseph Rowntree Foundation, UK Poverty 2018, 4 December 2018, p41

The risk of poverty for different tenure types has decreased since the 1990s...

Percentage of people (all ages) in relative low income after housing costs
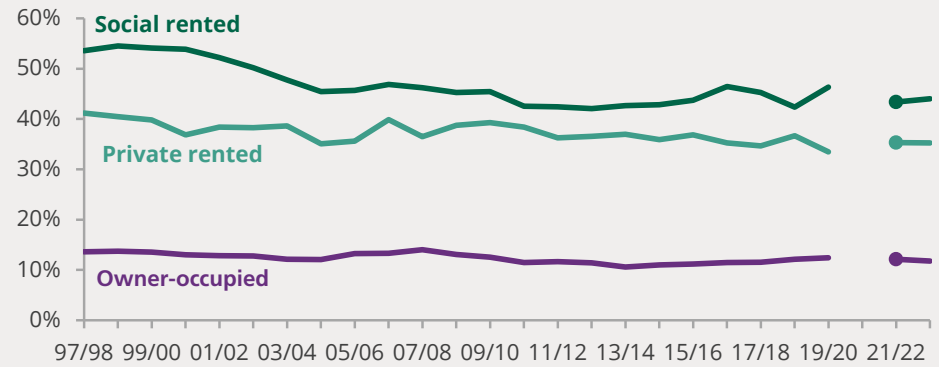
...but as the total private rented sector has grown, so has the number of poor people who are private renters

% of people in relative low income after housing costs who live in different tenure types
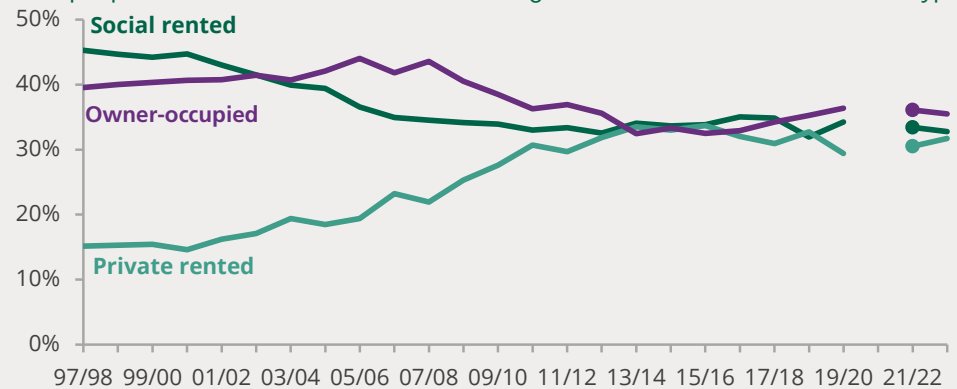
Notes:
Figures for 1994/95 to 2001/02 are for Great Britain; figures for 2002/03 onwards are for the UK.
Because of data collection issues during coronavirus lockdowns, data for 2021/21 is not available.

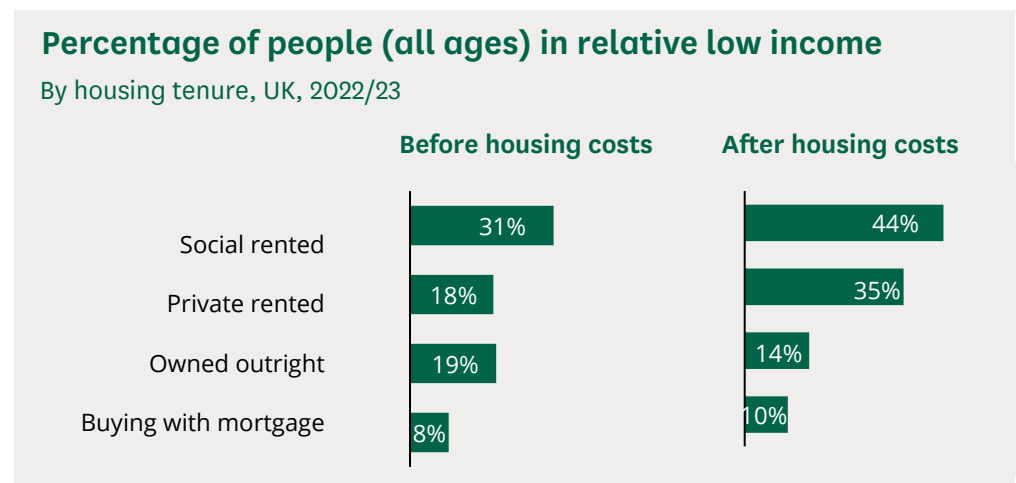Source: DWP, Households Below Average Income, 2022/23, via Stat-Xplore

8 Poverty and family size

This section examines how family size affects child poverty, and provides information about the two-child limit.

8.1 Children in large families are more likely to be in poverty

Children in larger families are more likely to be in poverty: in 2022/23, 14.8% of children in single-child families were in relative poverty before housing costs, compared to 15.8% of children in families with two children and 36.7% in families with three or more children.

The chart below shows that children in families with three or more children have been much more likely to be in poverty than children in smaller families. This is partly due to employment patterns among parents: the more children a family has, the less likely the adults in the households are to be in full-time work or any work. [59] This gap was narrowing until 2013/14 and then began widening again.
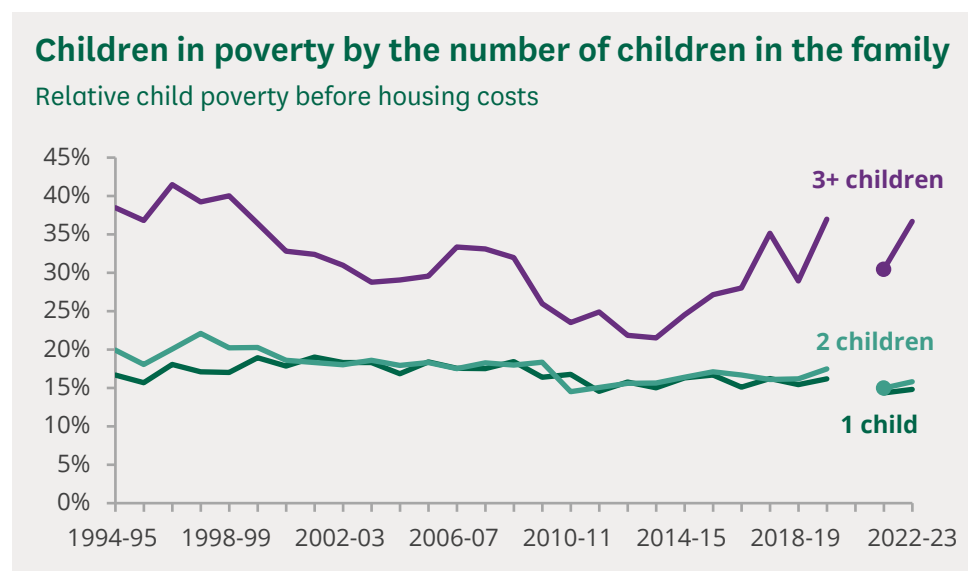
Children in poverty by the number of children in the family
Relative child poverty before housing costs

Because of data collection issues during coronavirus lockdowns, data for 2021/21 is not available.
Source: DWP, Households Below Average Income 2022/23, via Stat-Xplore

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[59] Resolution Foundation, Catastrophic caps. An analysis of the impact of the two-child limit and the benefit cap, 31 January 2024

After housing costs, 21.8% of children in families where they are the only child were in relative poverty in 2022/23, compared to 22.1% of children in families where there were two children and 46.0% in families with three or more children.

The chart below shows that just like before housing costs, the gap between relative poverty after housing costs for children in a family with three or more children and children in smaller families narrowed until 2013/14 and then began widening again.

Children in poverty by the number of children in the family
Relative child poverty after housing costs
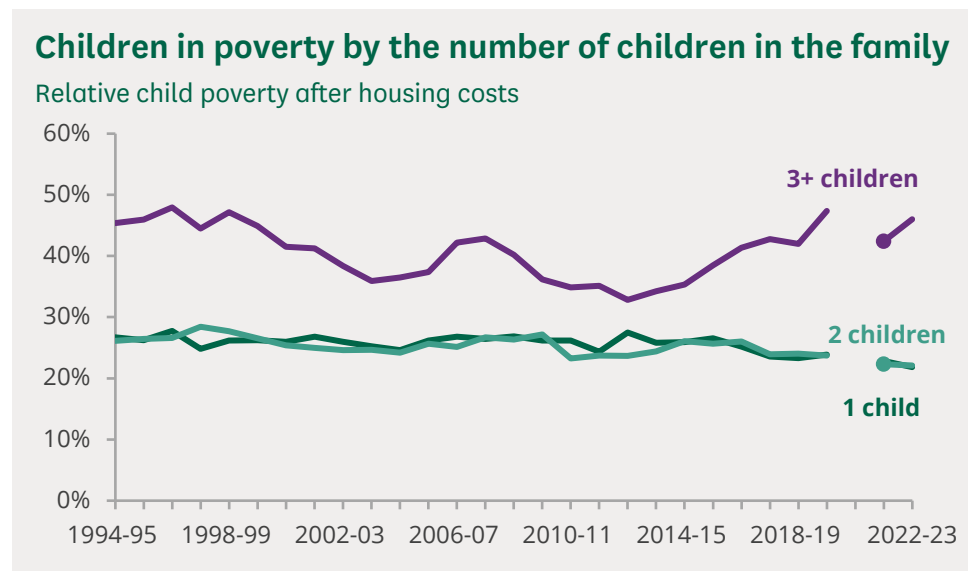
Source: DWP, Households Below Average Income 2022/23, via Stat-Xplore

3 Child poverty and the two-child limit

The two-child limit means households with a third or subsequent child born from 6 April 2017 claiming Universal Credit or Child Tax Credit do not receive additional amounts for these children.[60]

In April 2023, the two-child limit affected 422,000 (55%) of the 772,000 families with three or more children claiming Universal Credit or Child Tax Credit. 22,000 households had an exception.[61]

As more children are born, the two-child limit will apply to more families. This means the full effect of the policy will not be felt until 2035. The Resolution

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[60] Exceptions to the two-child limit are made for some claimants who did not choose to have a third or subsequent child, for example due to multiple births and non-consensual conception. Exceptions also allow child elements to be paid for some children in non-parental caring arrangements. The two-child limit does not apply to Child Benefit. The Library briefing The impact of the two-child limit in Universal Credit provides more information.

[61] DWP, Universal Credit and Child Tax Credit claimants: statistics related to the policy to provide support for a maximum of two children, April 2023, 13 July 2023

Foundation estimate that by then, an additional 590,000 children would be in relative poverty than if the two-child limit did not exist.[62]

Poverty charities have campaigned for the end of the two-child limit in order to reduce child poverty.[63]

[62] Resolution Foundation, Catastrophic caps, An analysis of the impact of the two-child limit and the benefit cap, 31 January 2024

[63] End child poverty, Children are living in families impacted by the two-child limit everywhere in the UK, Save the Children, Scrapping the two-child limit is the most cost-effective way of reducing child poverty, Child Poverty Action Group, Six years in: the two-child limit

9   Poverty and disability

This section examines how disability affects poverty rates.

9.1   Families with a disabled member are more likely to be in poverty

Poverty rates are higher among families where at least one member is disabled, compared to families where no one is disabled. In 2022/23:

- The proportion of people in relative low income before housing costs was 20% for families where someone is disabled, compared to 16% for people living in families where no one is disabled.
- The rate of relative low income after housing costs was 24% for families where someone is disabled, and 20% for those where nobody is disabled.[64]

People living in families where someone is disabled comprised around 43% of the population in relative low income before housing costs and 43% after housing costs in 2022/23. This compares to 38% of people across the total UK population living in families where someone is disabled.

However, these figures take no account of the additional living costs that people with disabilities might have. If we could take these costs into account then it is very likely that more disabled people would be counted as living in poverty, but this is complicated by the fact that costs vary widely.

Nevertheless, the measure of income used to calculate the relative low income threshold does include benefits paid as a contribution towards the extra costs of disability: Disability Living Allowance (DLA), Attendance Allowance (AA) and Personal Independence Payment (PIP). Around 10% of the total UK population live in families in receipt of disability benefits. Excluding these benefits from income means more families with a disabled member are counted as being in relative low income.

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[64]   DWP, Households Below Average Income, 2022/23, Table 3.12ts

Percentage of people in relative low income*, by disabled people in family

* Excluding Disability Living Allowance (DLA), Attendence Allowance (AA), Personal Independence Payment (PIP) from household income; UK, 2022/23

	Before housing costs	After housing costs
No disabled people	15%	19%
1+ disabled person	24%	29%
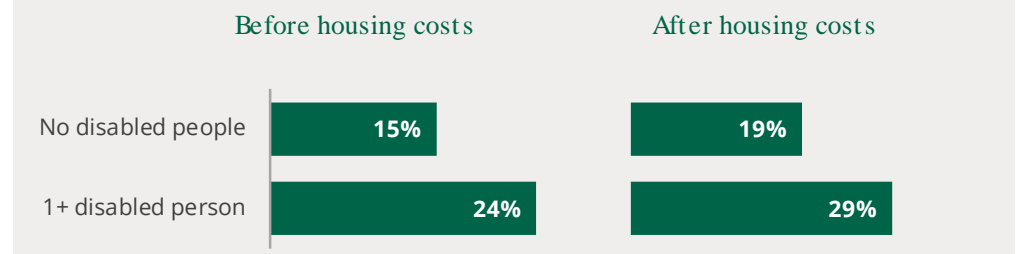
Source: DWP, Households Below Average Income, 2022/23, Table 7.3ts

Using this adjusted measure of income, people living in families where someone is disabled made up around 50% of the total population in relative low income before housing costs and 48% after housing costs.

Poverty rates are higher for children living in families where someone is disabled than for the population as a whole. Based on income excluding disability benefits, the rate of relative low income for children living in families where someone is disabled was 28% before housing costs and 37% after housing costs.

Children in families with a disabled member were more than three times as likely to experience low income and material deprivation (22%) than children in families where no one is disabled (8%).[65] Section 13 of this briefing provides further information on material deprivation measures.

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[65] Note that here, 'low income' is defined as household income of less than 70% instead of less than 60% of median household income. This is discussed further in section 13 of this briefing.

10 Poverty and ethnic group

This section examines how poverty rates vary between ethnic groups.

10.1 Poverty rates are highest among Bangladeshi and Pakistani households

Poverty estimates by ethnic group are subject to greater sampling variability, since the number of households surveyed is smaller. Three year averages are used to increase data reliability.

In the DWP's Households Below Average Income publication, the ethnic group of a household is based on the ethnic group of the household reference person. This is usually the person in whose name the accommodation is owned or rented, or the person in the household with the highest income.[66]

Relative low income rates are highest for people in households from a Pakistani or Bangladeshi ethnic group and lowest for people from a White ethnic group.

Before housing costs, people in households from a Bangladeshi ethnic group experienced the highest poverty rate before housing costs, at 42% (26 percentage points higher than households from White ethnic groups) during the three-year period 2020/21 to 2022/23.[67]

After housing costs, people in households from a Bangladeshi ethnic group experienced the highest poverty rate, at 56% (38 percentage points higher than households where the head is from White ethnic groups).

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[66] The household reference person is the member of the household in whose name the accommodation is owned or rented, or is otherwise responsible for the accommodation. In households with joint householders the person with the highest income is taken as the household reference person.

[67] Three year averages for 2020/21 – 2022/23 exclude data for 2020/21 because this data is not reliable.

Percentage of people in relative low income, 2020/21 to 2022/23

By ethnic group of the household reference person

	Before housing costs	After housing costs
Bangladeshi	42%	56%
Pakistani	36%	48%
Chinese	27%	34%
Black/ African/ Caribbean/ Black British	26%	40%
Other ethnic group	26%	41%
Any other Asian background	24%	34%
Mixed/ Multiple ethnic groups	19%	26%
Indian	16%	24%
White	15%	19%
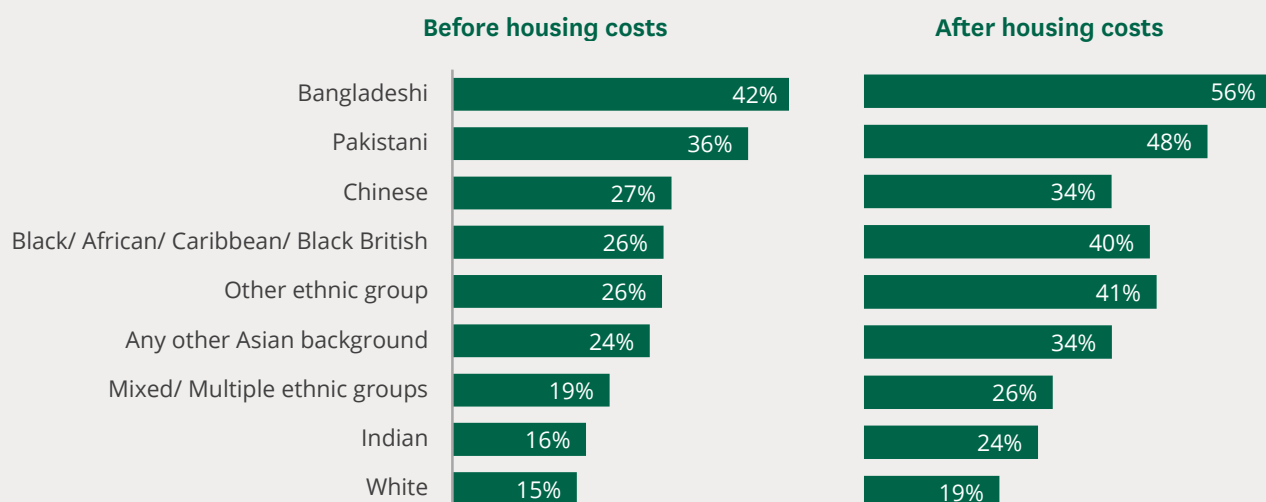
Source: DWP, Households Below Average Income, 2022/23, Table 3.5db

Child poverty

53% of children in households from a Bangladeshi ethnic group were in relative low income in the period 2020/21-2022/23, and 67% were in relative low income after housing costs. 45% of children in households from a Pakistani ethnic group were in relative low income before housing costs and 58% were in relative low income after housing costs in the same period.

Percentage of children in relative low income, 2020/21 to 2022/23

By ethnic group of the household reference person

	Before housing costs	After housing costs
Bangladeshi	53%	67%
Pakistani	45%	58%
Asian/ Asian British	36%	47%
Chinese	35%	45%
Any other Asian background	34%	45%
Black/ African/ Caribbean/ Black British	32%	51%
Other ethnic group	30%	51%
Mixed/ Multiple ethnic groups	25%	36%
Indian	18%	27%
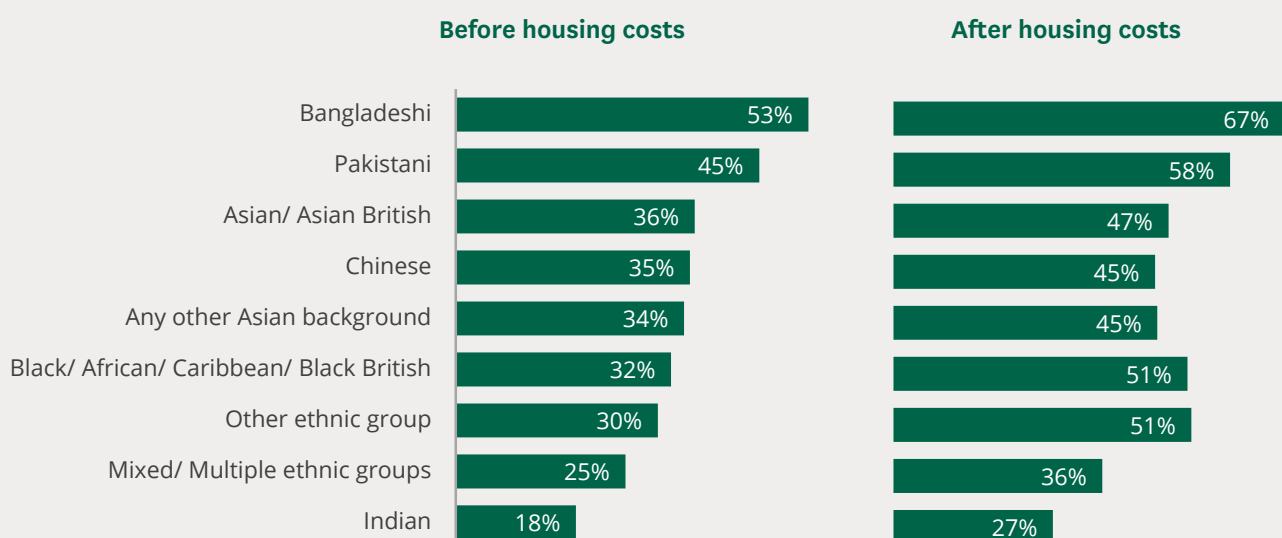
Source: DWP, Households Below Average Income, 2022/23, Table 4.5db

10.2 Reasons for difference in poverty rates between ethnic groups

A Scottish Government report from March 2020 highlighted that the age profiles of ethnic groups may influence poverty levels. [68] The average age of a household reference person from a White ethnic group was higher than for other ethnic groups and older people have a lower poverty rate, so this age profile may partly explain the difference between ethnic groups. However, this cannot explain the entire gap between groups.

A report by the Runnymede Trust, a race equality think tank, The Colour of Money finds that higher poverty rates among minority ethnic groups is due to

> "lower wages, higher unemployment rates, higher rates of part-time working, higher housing costs in England's large cities (especially London), slightly larger household size, and the relatively low levels of benefits paid, particularly following the application of the 'benefit cap'". [69]

The Runnymede Trust report Falling faster amidst a cost-of-living crisis: poverty, inequality and ethnicity in the UK found that, after adjusting for age and gender, people from minority ethnic groups are 2.2 times more likely to be in deep poverty (50% below median household income) than people from a White ethnic group. [70]

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[68]   Scottish Government, Poverty and Income Inequality in Scotland 2016-19, 26 March 2020

[69]   Runnymede Trust, The Colour of Money, How racial inequalities obstruct a fair and resilient economy, April 2020, p8.

[70]   Runneymede Trust, Falling Faster amidst a Cost-of-Living Crisis: Poverty, Inequality and Ethnicity in the UK, October 202

11   Poverty by region and country

This section examines how poverty rates vary between UK countries and regions.

11.1   Relative low income

The proportion of people in relative low income before housing costs was highest in the West Midlands (22%) over the three-year period 2020/21 to 2022/23 and was lowest in the South East (13%).[71]

After housing costs are considered, the proportion was lowest in Northern Ireland (17%) and highest in the West Midlands (27%). A much higher proportion of people in London are in poverty based on incomes after housing costs because of the high cost of housing relative to other parts of the UK. Data on poverty trends by region are published in an Excel sheet alongside this briefing paper.

Percentage of people in relative low income, 2020/21 to 2022/23
By region and country

Before housing costs		After housing costs	
West Midlands	22%	West Midlands	27%
North West	20%	North West	25%
Yorks & Humber	20%	London	24%
Wales	19%	Yorks & Humber	23%
Scotland	19%	UK	22%
East Midlands	18%	Wales	21%
North East	18%	North East	21%
Northern Ireland	17%	Scotland	21%
UK	17%	East Midlands	20%
South West	15%	South West	19%
East of England	14%	South East	19%
London	14%	East of England	18%
South East	13%	Northern Ireland	17%
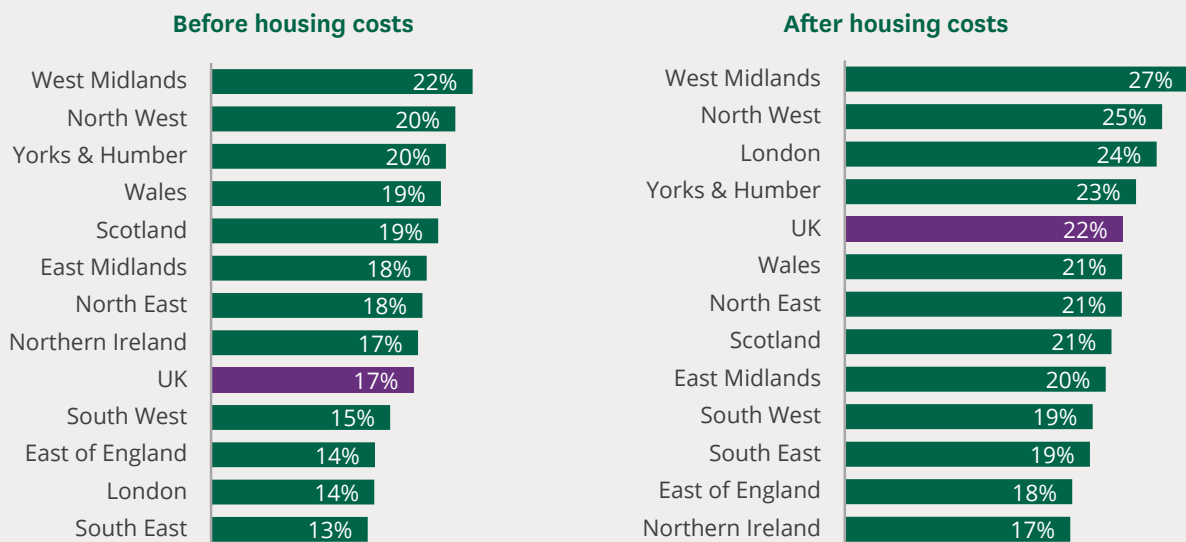
Source: DWP, Households Below Average Income, 2021/22, Table 3.17ts

Poverty estimates by country and region are subject to greater sampling variability than estimates for the UK as a whole, since the number of

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[71] DWP, Households Below Average Income, 2022/23, Table 3.7ts

households surveyed is smaller. Therefore, these regional estimates are presented as three-year averages so that the figures are less volatile.

Individuals living in relative low income by region/country

Three-year average for 2020/21 to 2022/23, before housing costs (BHC) and after housing costs (AHC)

	All people				Children			
	Number (millions)		Percentage		Number (millions)		Percentage	
	BHC	AHC	BHC	AHC	BHC	AHC	BHC	AHC
North East	0.5	0.6	18%	21%	22.2	30.1	22%	30%
North West	1.5	1.8	20%	25%	28.5	37.3	28%	37%
Yorkshire & Humber	1.1	1.2	20%	23%	24.3	29.4	24%	29%
East Midlands	0.9	1.0	18%	20%	25.9	29.9	26%	30%
West Midlands	1.3	1.6	22%	27%	30.2	39.4	30%	39%
East of England	0.9	1.1	14%	18%	14.9	22.7	15%	23%
London	1.2	2.2	14%	24%	16.6	31.8	17%	32%
South East	1.2	1.7	13%	19%	14.3	24.8	14%	25%
South West	0.8	1.1	15%	19%	18.2	26.5	18%	27%
Wales	0.6	0.7	19%	21%	22.4	28.7	22%	29%
Scotland	1.0	1.1	19%	21%	23.1	24.2	23%	24%
Northern Ireland	0.3	0.3	17%	17%	21.2	23.3	21%	23%
United Kingdom	11.2	14.4	17%	22%	21.2	29.5	21%	30%

Source: DWP, Households Below Average Income, 2022/23, Tables 3.17ts, 3.18ts, 4.16ts, 4.17ts

11.2   Persistent low income

The prevalence of persistent low income also varies by region. As discussed in section 5.1, someone is in persistent low income if they have been in relative low income for three out of the past four years.

On a before housing costs basis, Yorkshire and the Humber and the East Midlands had the highest rate of persistent low income (both 11%) and London and the South West had the lowest rates (both 7%) during the period 2018/19 to 2021/22.

On an after housing costs basis, London and Yorkshire and the Humber had the highest rates (both 14%) and the South West had the lowest (9%).[72]

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[72]   DWP, Income Dynamics, 2010 to 2022, 21 March 2024, Table 2.2 and 2.8.

Percentage of people (all ages) in persistent low income by region/country

2018/19 to 2021/22

Before housing costs

Region/Country	%
Yorkshire & Humber	11%
East Midlands	11%
North East	10%
West Midlands	10%
United Kingdom	9%
England	9%
East	9%
Wales	9%
Northern Ireland	8%
North West	8%
Scotland	8%
South East	8%
South West	7%
London	7%

After housing costs

Region/Country	%
London	14%
Yorkshire & Humber	14%
West Midlands	13%
East Midlands	13%
North East	12%
East	12%
England	12%
Wales	12%
North West	12%
United Kingdom	12%
Scotland	10%
South East	10%
Northern Ireland	10%
South West	9%

Source: DWP, Income Dynamics, 2010 to 2022, Table 2.2 and 2.8

12 Constituency and local area data on child poverty

The DWP's Households Below Average Income only provides data at the national and regional level. Other estimates for child poverty by local area have been published by HMRC and DWP, and End Child Poverty, a child poverty charity.

12.1 HMRC and DWP estimates

In March 2020 HMRC and DWP first released experimental statistics on child poverty at a local level. These are calibrated to and match the three-year average HBAI estimates at regional level for Great Britain and were updated to include Northern Ireland in March 2021.[73]

A family must have claimed Universal Credit, Tax Credits, or Housing Benefit at any point in the year to be classes as low income in these statistics. Because of the way they are produced, local totals should be considered estimates.

The constituencies with the highest and lowest child poverty rates in 2022/23 are shown in the table below.[74]

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[73] DWP and HMRC, Children in low income families: local area statistics, 21 March 2024
[74] Child poverty rates are calculated using population aged 0-15 as denominators.

Constituencies with the highest and lowest child poverty rates
Relative poverty rates before housing costs, 2022/23

Highest child poverty rates		Lowest child poverty rates	
Birmingham Ladywood	57.7%	Harpenden and Berkhamsted	4.7%
Birmingham Hodge Hill and Solihull Nort	48.5%	Richmond Park	4.8%
Birmingham Perry Barr	48.3%	Twickenham	5.5%
Bradford West	47.3%	Wokingham	5.9%
Birmingham Yardley	46.5%	Wimbledon	6.1%
Birmingham Hall Green and Moseley	46.2%	North East Hampshire	6.2%
Walsall and Bloxwich	46.2%	Mid Buckinghamshire	6.2%
Manchester Rusholme	46.2%	Esher and Walton	6.5%
Oldham West, Chadderton and Royton	46.0%	Wetherby and Easingwold	6.5%
Bradford East	45.8%	Hertford and Stortford	6.6%

Source: DWP and HMRC Children in low income families: local area statistics 2014 to 2023, via Stat-Xplore

The Library's child poverty dashboard provides child poverty data for constituencies and small areas.

The map on the next page shows relative child poverty rates by constituency.

4 Previous HMRC figures

Previous HMRC figures were derived from benefits and tax credits data. Specifically, they show the proportion of children living in families in receipt of out of work means-tested benefits or living in families in receipt of tax credits with reported income less than 60% of the median.

At a national level, these figures overestimated poverty in families in receipt of out-of-work benefits, since all of these families are assumed to be in poverty, and underestimated poverty in families where someone is in work compared to the official figures from HBAI.[75]

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[75] HMRC, Personal tax credits: Children in low income families local measure, 6 December 2018

Relative child poverty rates in 2022/23

Percentage of children aged 0-15 in relative poverty before housing costs

London

Relative child poverty rate

- 4.7% - 12.0%
- 12.0% - 16.4%
- 16.4% - 20.6%
- 20.6% - 24.5%
- 24.5% - 57.7%
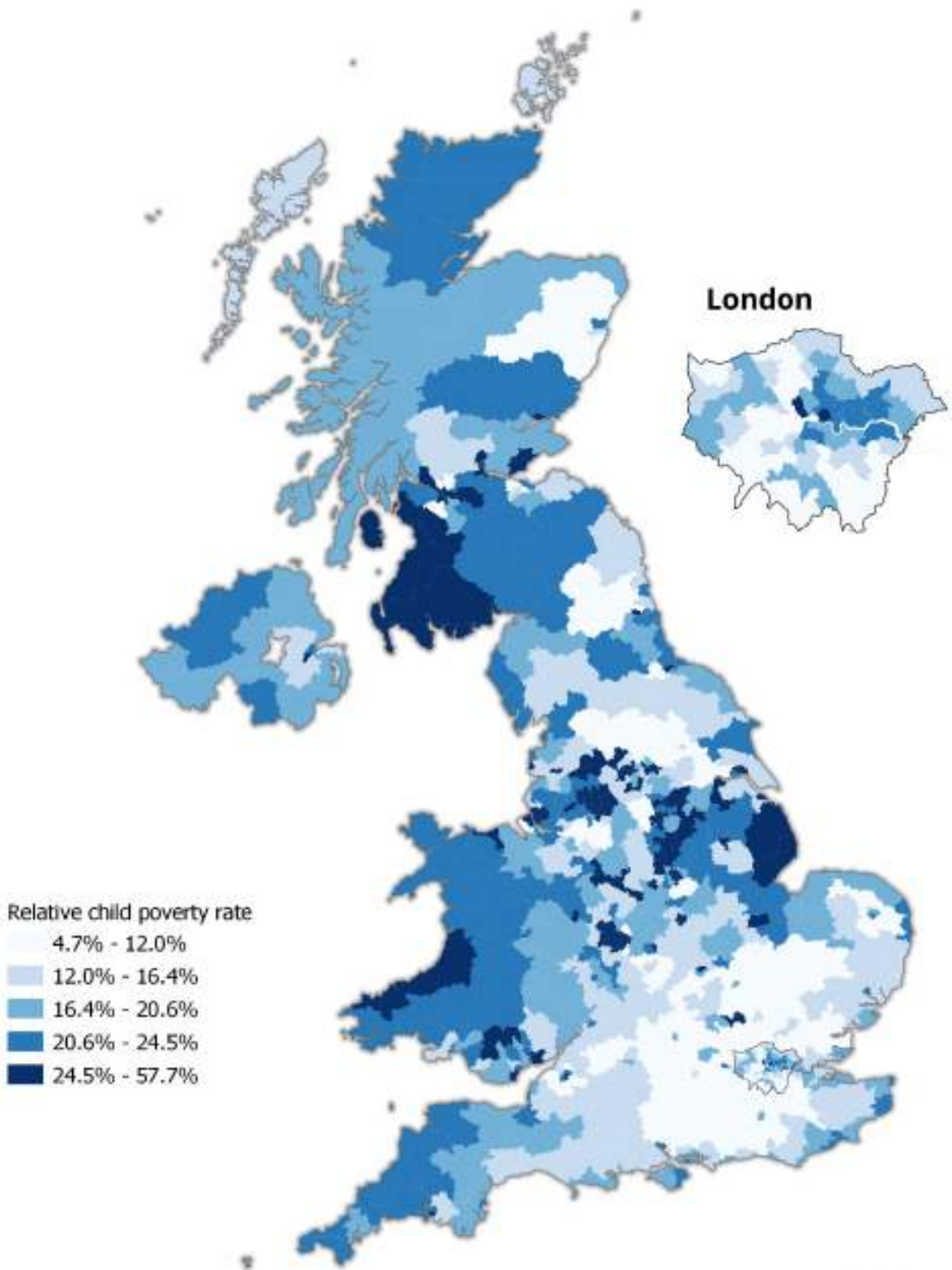
© Crown copyright. All rights reserved.
House of Commons Library (OS) 100040654 and (OSNI) 2085 (2020).

12.2   End Child Poverty statistics

The End Child Poverty figures are calculated by academics at the Centre for Research in Social Policy at Loughborough University.

They have developed a 'small area estimation' approach, using the Office for National Statistics' Labour Force Survey along with administrative data to consider the relationship between the risk of poverty for households in the survey and the socioeconomic and demographic characteristics of their area.[76] These are credible estimates of relative low income child poverty in each area but may not be accurate for each area.

Estimates for 2021/22 are published on the End Child Poverty website with figures for local authorities, constituencies, and wards, after housing costs and before housing costs.

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[76]   For more details as to how the estimates are constructed, see Juliet Stone et al, Local indicators of child poverty-explanatory note, Centre for Research in Social Policy, Loughborough University, April 2019.

13   Material deprivation

Poverty may be defined in other ways besides having a low household income. Another approach is to consider if a household is materially deprived, meaning they lack the ability to access key goods or services.[77]

The Department for Work and Pension's Households Below Average Income report includes data on people experiencing material deprivation, and low income and material deprivation, where 'low income' means **household income below 70% of the median**.[78]

13.1   Children experiencing material deprivation

1.9 million **children** were in relative low income and material deprivation in 2022/23, 13% of children in the UK. This is up from 1.6 million in 2021/22.[79]

The chart below shows the proportion of all children (not just those with low household incomes) lacking key goods or services:

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[77]   For more information about food banks and government food insecurity indicators, see the Library briefing Food banks in the UK.

[78]   The Library briefing Poverty: Measures and Targets, provides background information on the development of the combined low income and material deprivation measure.

[79]   DWP, Households Below Average Income 2022/23, Tables 1.4c and 1.4d

Percentage of children whose parents want to but cannot afford specific goods or services for their children or themselves

UK, 2022/23

For parents

Keep up to date with bills	9%
Keep house warm	14%
Money to decorate home	19%
Home contents insurance	19%
Replace broken electrical goods	20%
Money to spend on self each week	28%
Replace worn out furniture	28%
Make savings of 10 pounds a month or more	32%
One week's holiday away from home not with relatives	38%

For children

Have a warm winter coat	1%
Celebrations on special occasions	4%
Eat fresh fruit and/or vegetables every day	4%
Go on school trip at least once a term	6%
Go to a playgroup at least once a week	6%
Have friends round for tea or a snack once a fortnight	8%
Leisure equipment, e.g. sports equipment or a bicycle	8%
Hobby or leisure activity	8%
Attend organised activity once a week	10%
Bedrooms for every child aged 10+ of different gender	19%
One week's holiday away from home with family	32%

Source: DWP, Households Below Average Income, 2022/23, Tables 4.7db and 4.8db

13.2 Working-age adults experiencing material deprivation

3.8 million working-age adults experienced material deprivation and relative low income in 2022/23, 9% of working-age adults in the UK.[80]

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[80]   DWP, Households Below Average Income 2022/23, Tables 1.5c and 1.5d

The chart below shows the proportion of all adults (not just those with low household incomes) who would like but could not afford specific goods and services.

Percentage of working-age adults who want to but cannot afford specific goods and services
UK, 2022/23

	Bottom 20% of incomes	All
One week's holiday away from home not with relatives	44%	26%
Save £10+ a month	43%	23%
Replace worn out furniture	34%	18%
Money to spend on self each week	33%	16%
Replace broken electrical goods	26%	13%
Money to decorate home	27%	13%
Home contents insurance	25%	11%
Keep house warm	20%	11%
Keep up to date with bills	13%	6%
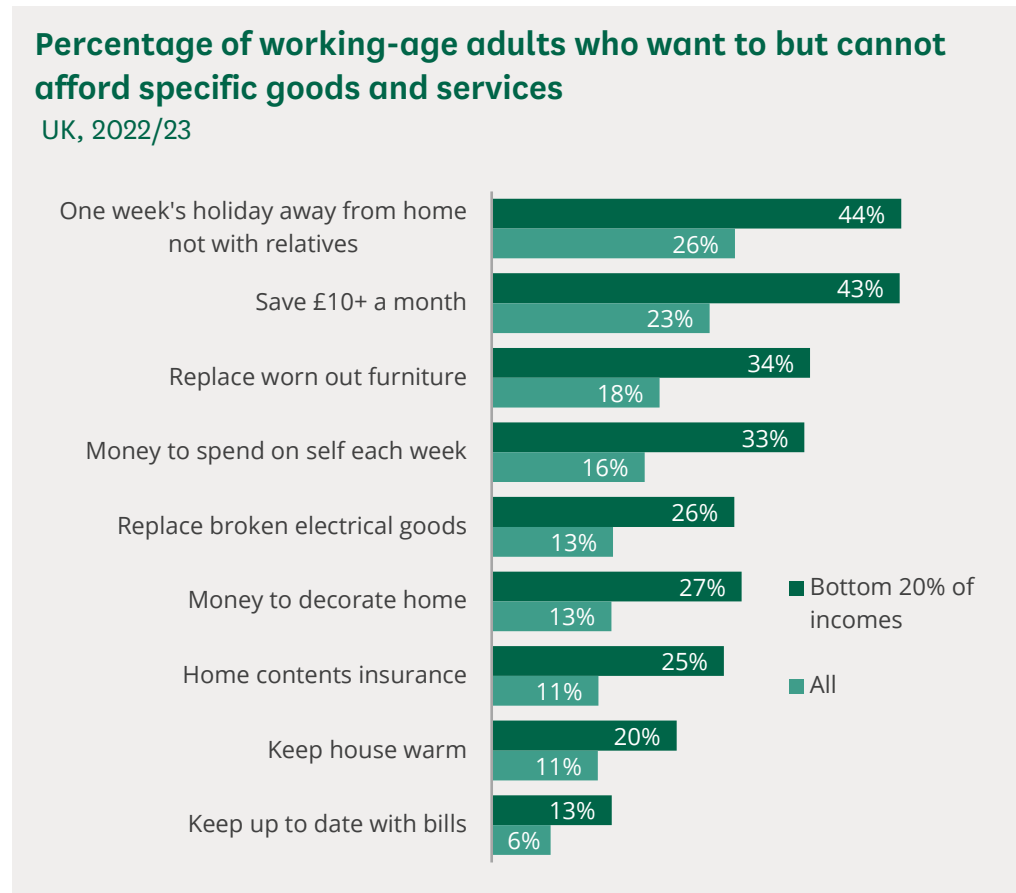
Source: DWP, Households Below Average Income, 2022/23, Table 4.8db

13.3 Pensioners experiencing material deprivation

1.0 million pensioners (people aged 65 and over) experienced material deprivation (but not necessarily low income) in 2022/23, 8% of pensioners in the UK.[81]

For pensioners, the material deprivation measure includes items lacking for non-financial reasons (for example, because of ill health).

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[81]   DWP, Households Below Average Income 2022/23, Tables 1.6c and 1.6d

Percentage of pensioners who do not have access to specific goods or services

UK, 2022/23

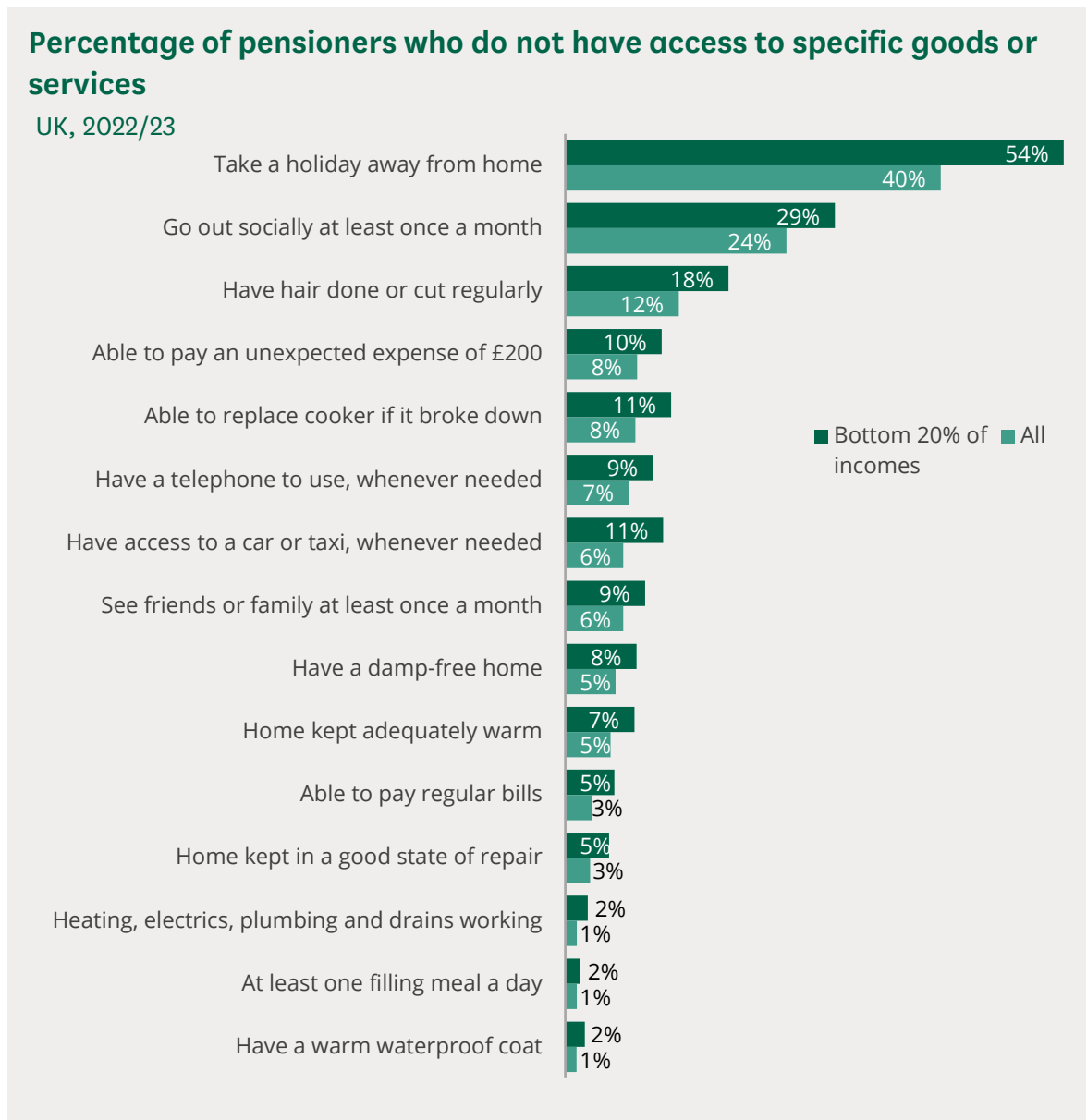| Item	Bottom 20% of incomes	All incomes
Take a holiday away from home	54%	40%
Go out socially at least once a month	29%	24%
Have hair done or cut regularly	18%	12%
Able to pay an unexpected expense of £200	10%	8%
Able to replace cooker if it broke down	11%	8%
Have a telephone to use, whenever needed	9%	7%
Have access to a car or taxi, whenever needed	11%	6%
See friends or family at least once a month	9%	6%
Have a damp-free home	8%	5%
Home kept adequately warm	7%	5%
Able to pay regular bills	5%	3%
Home kept in a good state of repair	5%	3%
Heating, electrics, plumbing and drains working	2%	1%
At least one filling meal a day	2%	1%
Have a warm waterproof coat	2%	1%

Source: DWP, Households Below Average Income, 2021/22, Table 6.11db

13.4 How material deprivation is measured

Twenty-one indicators are used to assess material deprivation among families with children, covering access to different goods and services. The Family Resources Survey asks respondents whether they have each item and, if not, whether this is because they do not want them or cannot afford them. The questions are reviewed regularly to ensure they remain relevant.

Nine indicators are used to assess material deprivation among working-age adults.

Fifteen other indicators are used to assess material deprivation for pensioners. In this case, material deprivation extends to items lacking for

either financial or non-financial reasons; for example, respondents are asked whether they lack the item due to reasons such as health/disability, if it is too much trouble or tiring, or if they have no one to help them or do the activity with.
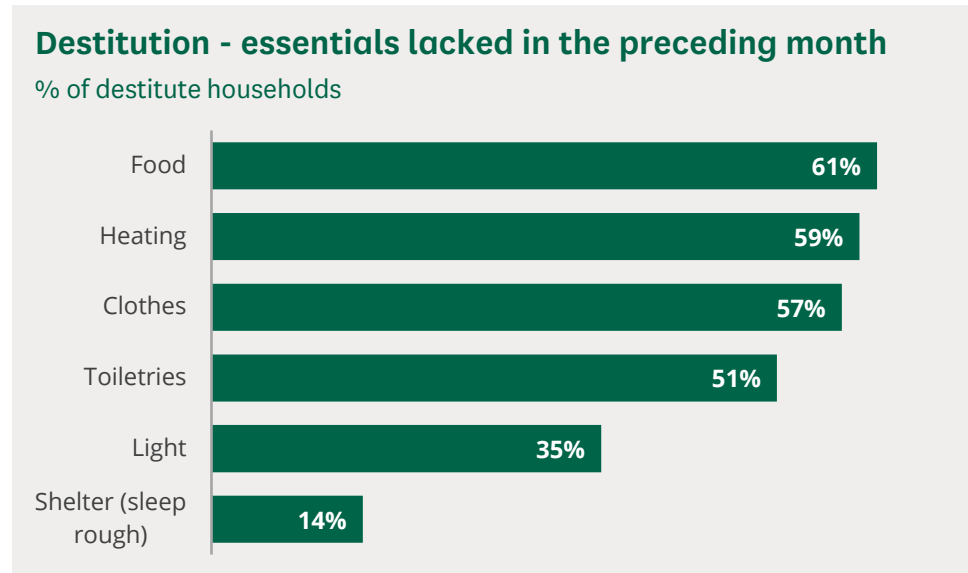
The deprivation indicators are attributed different weights and respondents are counted as in material deprivation when they score above a certain threshold. Further details of the methodology can be found in the HBAI [Quality and Methodology Information Report](.)[82]

13.5   Destitution

The Joseph Rowntree Foundation (JRF) collects data on destitution in the UK. Someone is 'destitute' when they didn't have two or more of six essentials (listed in the chart below) in the past month because they couldn't afford them, or their income was too low to purchase the items themselves.

JRF found that 1.8 million households experienced destitution in 2022, a 64% increase since 2019. The rising prices of essentials has contributed to this increase.

The essential that most destitute people went without most often was food (61%), followed by heating (59%).[83]

Destitution - essentials lacked in the preceding month

% of destitute households

Essential	%
Food	61%
Heating	59%
Clothes	57%
Toiletries	51%
Light	35%
Shelter (sleep rough)	14%

Source: Joseph Rowntree Foundation, [Destitution in the UK 2023](.), 24 October 2023

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[82]   DWP, [Households below average income series: quality and methodology information report FYE 2023](.), 21 March 2024

[83]   Joseph Rowntree Foundation, [Destitution in the UK 2023](.), 24 October 2023

14 Food poverty and food bank use

This section provides statistics on food insecurity and how many people use food banks.

The Library briefing Food poverty: Households, food banks and free school meals provides detailed analysis of food poverty and food bank use.

14.1 Food insecurity

There is no widely accepted definition of food poverty, but it is often used as synonymous with **household food insecurity**.[84] Household food insecurity is defined in broadly the same way across several countries:[85]

- 'Low food security' means that the household reduces the quality, variety, and desirability of their diets.

- 'Very low food security' means that household members sometimes disrupt eating patterns or reduce food intake because they lack money or other resources for food.

In 2022/23, 7.2 million people in the UK (11%) were in food insecure households in the UK, including 17% of children, 11% of working-age adults, and 3% of pensioners.[86] The number of people in food insecure households rose by around 2.5 million people between 2021/22 and 2022/23.[87]

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[84] Sustain, What is food poverty?, and Child Poverty Action Group, Living Hand to Mouth, 26 March 2019.

[85] This definition is based on the Household Food Security Survey Module, developed by the US Department of Agriculture. Source: US Department of Agriculture, Food Security in the US (accessed 25 March 2024)

[86] DWP, Households Below Average Income, 2022/23, Tables 9.1b, 9.3b, 9.5b, and 9.7b

[87] DWP, Households Below Average Income, 2022/23, Tables 9.1ts

People living in food insecure households

UK, millions

Year	Value
19/20	5.0
20/21	4.2
21/22	4.7
22/23	7.2
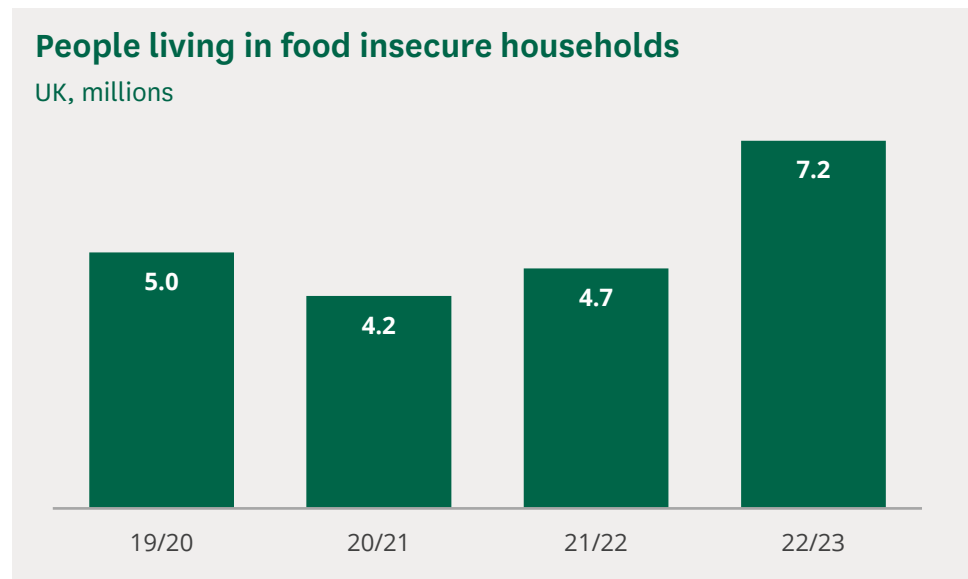
Source: DWP, Households Below Average Income, 2022/23, Tables 9.1ts

14.2   Poverty and food insecurity

In Households Below Average Income data, everyone above State Pension age is defined as a pensioner.

Since household food insecurity in the UK is largely due to low incomes, it is unsurprising that food insecurity is more prevalent in households in poverty.

In 2022/23, 2.5 million people in relative low income before housing costs lived in food insecure households (households with either low or very low food security), including 1.0 million children.[88]

The chart below shows that 30% of children, 24% of working-age adults, and 5% of pensioners who were in relative low income before housing costs were living in food insecure households (note that totals may not match due to rounding).

16% of children, 13% of working-age adults, and 1% of pensioners who were in relative low income lived in households with very low food security.

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[88]   DWP, Households Below Average Income, 2022/23, Tables 9.1b, 9.3b, 9.5b, and 9.7b

Percentage of people in households with low and very low food security
People in relative poverty versus all people, 2022/23

All individuals

■ Low food security ■ Very low food security

People in poverty: Low food security 10%, Very low food security 12%

All people: Low food security 5%, Very low food security 6%

Children

Children in poverty: Low food security 14%, Very low food security 16%

All children: Low food security 8%, Very low food security 9%

Working-age adults

Working-age adults in poverty: Low food security 11%, Very low food security 13%

All working-age adults: Low food security 5%, Very low food security 6%

Pensioners

Pensioners in poverty: Low food security 3%, Very low food security 1%

All pensioners: Low food security 1%, Very low food security 2%

Source: DWP, Households Below Average Income, 2022/23, Tables 9.1b, 9.3b, 9.5b, and 9.7b

14.3   Food bank use

The DWP published statistics on food bank use as part of HBAI for the first time in March 2023. In 2022/23, 2.3 million people in the UK lived in households which had used a food bank in the previous 12 months, 3% of the population. This includes 6% of children, 3% of working-age adults, and around 1% of pensioners.

Among those in relative low income before housing costs, 8% lived in a household that had used a food bank in the previous 12 months, including 12% of children, 9% of working-age adults, and 1% of pensioners.[89]

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89   DWP, Households Below Average Income, 2022/23, Tables 9.1b, 9.3b, 9.5b, and 9.7b

15 Social Metrics Commission and Below Average Resources

The Social Metrics Commission (SMC) is an independent commission formed in 2016 to develop a new approach to poverty measurement. [90]

The SMC proposed a new measure of poverty, based on the extent to which someone's resources meet their needs.[91] This accounts for differences among households such as costs of childcare and disability, savings, and access to assets. It also includes groups previously omitted from poverty statistics, like rough sleepers and those just above the low income threshold but in overcrowded housing.

15.1 Below Average Resources

The DWP are developing a new measure called Below Average Resources (BAR), using the framework suggested by the SMC. Initial statistics were published in January 2024 and have been categorised as 'official statistics in development', which means they are less reliable than HBAI statistics.[92] The latest BAR data is for 2021/22.

In the BAR methodology someone is defined as being in poverty if they live in a family with equivalised 'total resources available' (TRA) below 54% of median total resources available.[93]

Notes on 'total resources available':

- 'Total resources available' includes net income plus other resources available like liquid assets, minus 'inescapable family specific costs' like childcare, disability costs and recurring housing costs. At some point the DWP plans to subtract debt repayments from total resources available, but does not have suitable data yet.

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[90] Commissioners include representatives for the Institute for Fiscal Studies, Trussell Trust, Centre for Policy Studies and multiple universities.
[91] Social Metrics Commission, Measuring Poverty 2020
[92] DWP, Below Average Resources: Developing a new poverty measure, 18 January 2024
[93] Instead of 'family' the DWP uses the term 'sharing unit', which is defined as people who are living in the same household and are related.

- 'Total resources available' is equivalised to account for household size (adjusted to take into account the fact that larger households need more resources).

- Median 'total resources available' is smoothed over a three-year period.

- If individuals are classed as being in overcrowded accommodation their total resources available value is updated to deduct the cost of renting another room in the region they live in.

An individual below this poverty line has 'low resources', just like in HBAI, poverty is referred to as having 'low income'.

The BAR figures published in 2024 are still in the early stages of development and the Social Metrics Commission says there is significant further development work to implement its framework.

15.2   Comparing Below Average Resources and HBAI

The BAR measure is most similar to the HBAI measure relative low income after housing costs.

BAR poverty rates are higher for children, lower for pensioners and around the same for working aged adults than HBAI poverty rates.
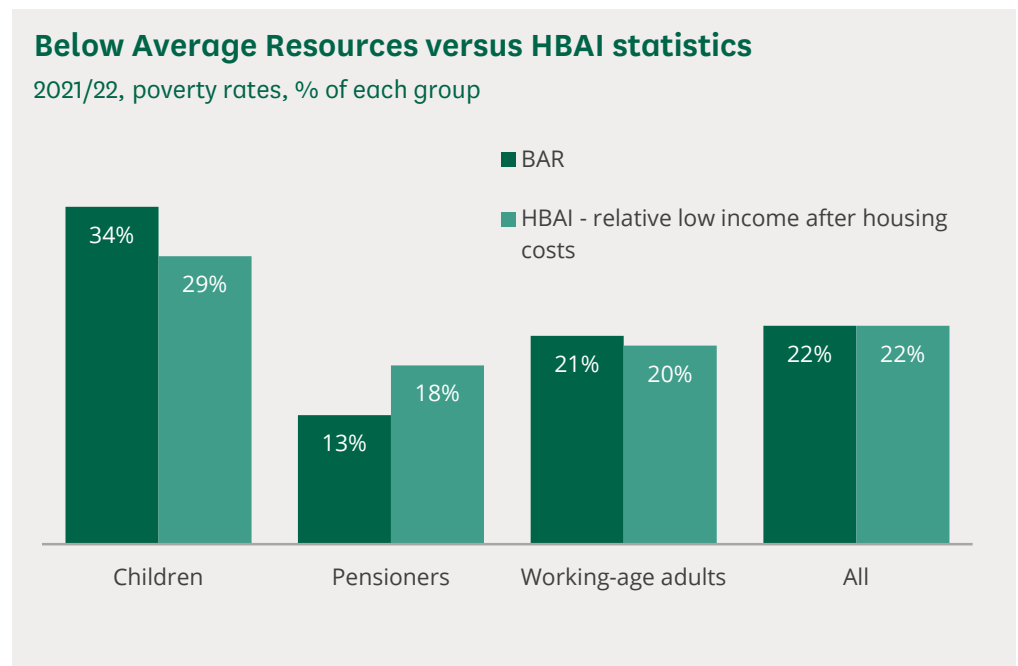
Below Average Resources versus HBAI statistics

2021/22, poverty rates, % of each group

Source: DWP, Below Average Resources: developing a new poverty measure, 18 January 2024, Table 3.1

BAR poverty rates tend to higher for groups who are more likely to be in poverty. In 2021/22 BAR poverty rates were higher for people with a disabled family member, people in social rented housing, and families with children. For other groups, HBAI poverty rates tended to be similar or higher.

Percentage of individuals in poverty by characteristic

2021/22, Below Average Resources and HBAI (Relative poverty after housing costs), %

|	BAR	HBAI
Nobody in family is disabled	17%	19%
Someone in family is disabled	30%	27%
White	19%	19%
Mixed Race	28%	26%
Asian	36%	37%
Black	40%	40%
Other Ethnicity	38%	36%
Social Rented	51%	43%
Private Rented	35%	35%
Mortgage Owned	12%	9%
Owned Outright	10%	15%
Pensioner couple	11%	14%
Couple with children	26%	23%
Couple without children	11%	13%
Single with children	51%	43%
Single male without children	25%	24%
Single female without children	27%	25%

Source: DWP, Below Average Resources: developing a new poverty measure, 18 January 2024, Tables 3.3-2.6

15.3   Depth of poverty

The Below Average Resources release also provides a breakdown of poverty statistics by how far families are below the BAR poverty line. [94]

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[94] DWP, Below Average Resources: developing a new poverty measure, 18 January 2024, Table 6.1a
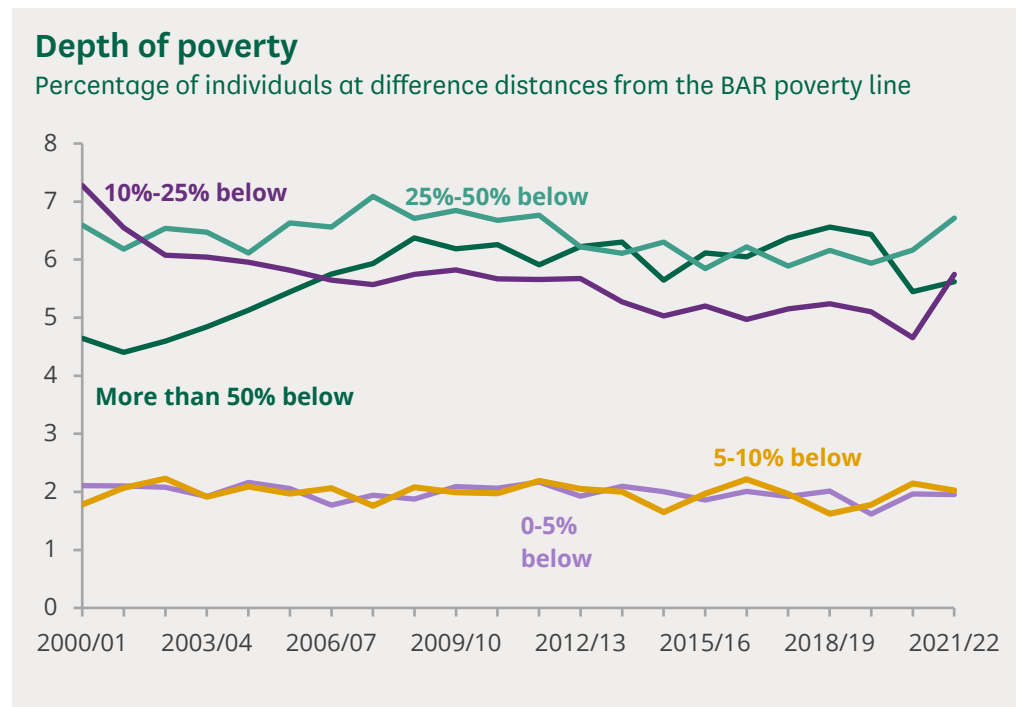
Depth of poverty
Percentage of individuals at difference distances from the BAR poverty line

Source: DWP, Below Average Resources: developing a new poverty measure, 18 January 2024, Table 6.1a

In 2021/22:

- 6% of individuals were more than 50% below the BAR poverty line, (the BAR poverty line is 54% of the median, so these individuals have resources less than 27% of median resources)

- 7% were 25-50% below,

- 6% were 10-25% below,

- 2% were 5-10% below

- 2% were 0-5% below.

16   Minimum Income Standards

Another way of looking at poverty is to consider what income a family needs to meet some minimum acceptable standard of living, known as the "budget standards" approach.

The Joseph Rowntree Foundation, a poverty charity, funds a major annual research project which estimates Minimum Income Standards (MIS) for different household types in the UK. This involves in-depth consultation with members of the public, combined with expert knowledge, to identify the level of income required to meet a minimum acceptable standard of living, described as: "having what you need in order to have the opportunities and choices necessary to participate in society." The first findings were published in 2008 and are updated each year.[95]

For most household types, the MIS is well above the relative low income threshold. This suggests that even if someone is not counted as being in relative low income, their income may still be too low for them to have what is considered a minimum acceptable standard of living.

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[95]   Joseph Rowntree Foundation, A Minimum Income Standard for the UK in 2023 , 8 September 2023

For the Minimum Income Standard, everyone above State Pension age is defined as a pensioner.

Minimum Income Standards (MIS) for 2023 compared with threshold for relative low income in 2021/22: UK, £ per week
Threshold for relative low income is 60% of median income

	Single, working age	Couple, pensioner	Couple, 2 children	Lone parent, 2 children
Before housing costs				
Relative low income threshold	£227	£339	£475	£363
MIS excluding childcare and council tax	£420	£500	£741	£627
% difference	85%	48%	56%	73%
After housing costs				
Relative low income threshold	£174	£300	£420	£321
MIS excluding childcare, council tax, water rates, rent	£301	£392	£621	£507
% difference	73%	31%	48%	58%

Note: income figures are equivalised to take account of household needs, which means that the median is higher for larger households. The figures for families with children assume that all children are aged under 14 years.

Sources:
Joseph Rowntree Foundation, A Minimum Income Standard for the UK in 2023 , 8 September 2023
DWP Households Below Average Income 2021/22, Table 2.2db

The MIS is higher than the relative low income threshold (based on figures for 2021/22) for each of the four household types in the above table, before and after housing costs. The 2015 MIS report suggests that "the more meaningful comparison is between net MIS budgets and income after housing costs" given the difficulty in quantifying the 'minimum' cost of housing.

16.1 People with income below the standard

20.2 million people had income below the MIS in 2021/22, up from 16.5 million in 2008/09, and around 1 million more people than in 2020/21. The share of the population with income below the MIS increased from 27.2% to 30.4%.[96]

Children are much more likely to have income below the MIS than older age groups: 41.7% of children lived in households with income below the MIS in 2021/22, compared to 29.2% of working-age adults and 20.5% of pensioners. For all groups, the likelihood of having income below the MIS has increased since 2008/09.

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[96]   Joseph Rowntree Foundation, Households living below a Minimum Income Standard: 2008–2022 20 February 2024

The number of people who had an income substantially below the MIS (less than 75% of the MIS) also increased, from 10.2 million in 2008/09 to 12.2 million in 2021/22.

16.2 How has the standard changed over time?

The number of people below the Minimum Income Standard and people in relative low income have followed different trends over time. The number of people below the MIS increased between 2008/09 and 2013/14, then fell back slightly and stayed stable. The number of people in relative low income decreased between 2008/09 and 2013/14 and then began to increase again.

These differences can be explained by the fact that the relative low income threshold **is set with reference to median income**, which is not the case for the MIS.

After adjusting for inflation, median income was lower in 2013/14 than in 2008/09, which pushed down the threshold below which someone is counted as in relative low income. Meanwhile, the income required to meet a minimum acceptable standard of living, as measured by the MIS, increased. So, while fewer people were below the relative low income threshold, more people were below the MIS threshold. Since 2013/14, the situation has reversed as median incomes have increased faster than the MIS.[97]

The main reason why the MIS has increased faster than Consumer Price Index (CPI) inflation since 2008 is likely to be **a rise in the prices of goods and services** required for a minimum acceptable standard of living. Some of the increase is also due to changes in what goods and services are included in the MIS calculation.

The CPI looks at average spending patterns across all households, but the MIS looks at the cost of a collection of more basic goods and services and does not include 'luxury' items. The MIS therefore puts more weight on certain items that have risen significantly faster than the overall CPI since 2008, including public transport, domestic fuel, and food. In 2022 and 2023, food prices rose faster than overall CPI, and food and drink account for the largest proportion of a minimum budget for all households.[98] The relative low income threshold on the other hand does not bear any relation to prices.[99]

Another difference between the MIS and the relative low income measure is **how they account for household size and composition**. The proportion of people in relative low income is measured with reference to **equivalised** household incomes, in order to compare living standards between households of different sizes or compositions. The equivalisation process uses a standard

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[97] Joseph Rowntree Foundation, Households below the Minimum Income Standard: 2008-2021 22 February 2023

[98] Joseph Rowntree Foundation, A Minimum Income Standard for the UK in 2023, 8 September 2023

[99] Joseph Rowntree Foundation, A Minimum Income Standard for the UK in 2019, 3 July 2019

scale to compare between households of different sizes. For the MIS, however, annual income requirements for each household type are calculated separately so there is no fixed ratio that relates the MIS for a single adult, say, to that for a couple household.

The MIS calculation also distinguishes between pensioner and non-pensioner households. Compared to the MIS research, the standard equivalisation scales in the official statistics "underestimate the relative cost of each additional child and also underestimate the cost of a lone parent family compared to a couple family".[100]

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[100] Joseph Rowntree Foundation, A Minimum Income Standard for the UK in 2019, 3 July 2019, p 43

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