Poverty Dashboard of Key Performance Indicators – a discussion document

Poverty is multidimensional as it is made up of and influenced by several factors such as wages/income; unemployment; homelessness; benefit dependency; health inequality etc. These factors combine to provide a picture of poverty. To implement our Poverty Strategy and monitor the effectiveness of our approach we need visibility of accurate, up to date data in the form of a **dashboard of key performance indicators**.

We have looked at the definition of poverty and can now turn our attention to the **measurement of poverty**. There is no simple, single measure of poverty, which makes it a complex matter to track.

The Department for Work and Pensions (DWP) publishes Households Below Average Income (HBAI) National Statistics annually.
These statistics estimate the number and percentage of people living in low income households in the UK. It meets DWP's statutory obligation to publish a measure of relative and absolute low income, and low income and material deprivation for children under Section 4 of the Welfare Reform and Work Act 2016.

The Social Metrics Commission

In September 2018, the Social Metrics Commission (SMC) published the **'A New Measure of Poverty in the UK'** report in which they proposed a new method for measuring poverty.

The SMC is an independent commission that was formed with the aim of developing a new approach to poverty measurement that both better reflects the nature and experiences of poverty that different families in the UK have and that can be used to build a consensus around poverty measurement and action in the UK.

The SMC report concluded that their new metric accounts for the negative impact on people's weekly income of inescapable costs such as childcare and the impact that disability has on people's needs; and includes the positive impacts of being able to access liquid assets such as savings, to alleviate immediate poverty. The commission's metric also included groups of people previously omitted from poverty statistics, like those living on the streets and those just above the low income threshold but in overcrowded housing.

This SMC metric was also positioned within a wider framework, with the aim of seeing a more detailed picture of exactly who is poor, and the range of factors that can detrimentally impact on their lives, their experience of poverty and their future chances of remaining in, or entering poverty.

SMC - A new measure for poverty in the UK – September 2018 – more detail

The report says - While various measures of income inequality and poverty exist, the UK no longer has an official measure of poverty for children, adults or pensioners. This leaves a situation where policymakers and politicians are less able to track progress and it is more

difficult to hold them to account for effectively tackling the causes of poverty or improving the lives of those in poverty.

The Social Metrics Commission was brought together to develop a new approach to poverty measurement that both better reflects the nature and experiences of poverty that different families in the UK have, and can be used to build a consensus around poverty measurement and action in the UK. The Commission is a non-partisan organisation. Its membership is drawn from UK poverty thinkers from different political and professional backgrounds, alongside data and analytics experts and those with experience of working with and supporting people living in poverty.

This report summarises the work that the Commission has undertaken over the last two and a half years. It presents a detailed articulation of how the approach to poverty measurement can be improved in the UK and elsewhere.

The Commission's new measure:

  • Takes account of all material resources, not just incomes. For instance, this means including an assessment of the available assets that families have;

  • Accounts for the inescapable costs that some families face, which make them more likely than others to experience poverty. These include, the extra costs of disability, and costs of childcare and rental and mortgage costs;

  • Broadens the approach of poverty measurement to include an assessment of housing adequacy. For example, by regarding those sleeping rough as being in poverty; and

  • Positions the measure of poverty within a wider measurement framework, which allows us to understand more about the nature of poverty in the UK.

Following this, the report summarises the most comprehensive implementation of this framework that is possible with existing data and research in the UK. Summary results and findings are then presented.

What next? Measuring poverty is essential if action is going to be taken to improve the lives of those currently in poverty in the UK or who, without action, would otherwise be in poverty in future. The Commission would like to see the measurement of poverty, including by Government, the ONS, policy makers and those researching and working with people in poverty, adopt the approach outlined in this report.

The Commission will do all it can to support this, including by publishing technical papers on the methodology and making available the programming code that underpins the measure to enable straightforward replication by other analysts. The Commission's work is only the start of what needs to happen. The Commission hopes that its work will stimulate much needed further research and improvement in UK survey and administrative data. This would allow for a full practical implementation of the Commission's full measurement framework.

Compared to previous measures, the Commission's new measure makes significant changes to our understanding of who is in poverty. In particular it:

➢ Better identifies people in poverty in families that include a disabled adult or child;
➢ Better identifies people in poverty in working-age families with children; and
➢ Shows that fewer people in pension-age families are in poverty.
➢ This is because the measure takes account of both the way in which the costs of childcare and disability affect people's ability to make ends meet, and how those with significant liquid assets are able to use them to meet their current needs.
➢ The measure also includes a more comprehensive picture of how far people's housing needs are being met, particularly in relation to homelessness and overcrowding.
➢ The Commission's measurement framework also provides detailed insights into poverty depth and persistence and the wider factors that can impact on the lives of people in poverty.

Under the Commission's new measure:

➢ **14.2 million people in the UK population are in poverty**: 8.4 million working-age adults; 4.5 million children; and 1.4 million pension age adults.
➢ **12.1% of the total UK population (7. 7 million people) live in persistent poverty**, (over half of those who appear in our new in poverty measure). This means that more than one in ten of the UK population are in persistent poverty.
➢ More than six in ten working-age adults and children who live in families more than 10% below the poverty line, are also in persistent poverty. For those less than 10% below the poverty line, the figure is four in ten.
➢ Of the 14.2 million people in poverty, nearly half, 6.9 million (48.3%) are living in families with a disabled person.
➢ Far fewer pensioners are living in poverty than previous measures suggested. Poverty rates amongst pension-age adults have also nearly halved since 2001 (falling from 20.8% in 2001 to 11.4% in 2017).
➢ **The majority (68%) of people living in workless families are in poverty**. This compares to just 9% for people living in families where all adults work full time.
➢ Around 2.7 million people are less than 10% below the poverty line, meaning that relatively small changes in their circumstances could mean that they move above it.
➢ There are 2.5 million people in the UK who are less than 10% above the poverty line. Relatively small changes in their circumstances could mean they fall below it.
➢ There is a "resilience gap" between those in poverty and those not in poverty. Across a wide range of factors that impact upon families' lives, there are measurable and significant differences between these two groups.

Calderdale Council, a Metropolitan Borough, have a selection of poverty dashboards that have been produced in conjunction with partner agencies. It features benefit claimants for various welfare benefits, employment data, insolvencies, repossessions, homeless assessments, fuel poverty, etc.

https://opendata.calderdale.gov.uk/extensions/Poverty-index/Poverty-index.html

Canada have developed a poverty dashboard and I have attached a pdf that presents their national dashboard. I like the format although I suspect some of the data will be difficult for us to source.

The **Joseph Rowntree Foundation** on their UK poverty statistics page of the website measures of poverty look at income, savings and debt; costs; work & worklessness; housing, health & relationships; education & skills; etc.

https://www.jrf.org.uk/data

The **University of Bristol** has a strong, and well-earned reputation for poverty research. In 2017, the **Bristol Poverty Institute** (BPI) was established in recognition of these strengths, with the aim of further building on and enhancing visibility, research ambitions, and impact at all scales from the local to the global. On the website you can learn more about what BPI do, including some examples of the areas of work outlined below, as well as a selection of impact case studies which can be accessed via the navigation page. In addition, Bristol are also in the process of developing a catalogue of past and present poverty-relevant research projects undertaken by academics, to showcase the breadth and depth of excellent and impactful research at the University.

Bristol Institute's staff are world leaders in developing the consensual method for measuring multidimensional adult and child poverty: the theory, definition and measures are used by all UK governments, all countries in the EU and by many other governments globally.

Sustainable Development Goal 1.2 requires UN member countries to measure and report their progress in reducing multidimensional poverty. Most countries do not have suitable measures and we believe that the consensual approach is the only methodology which can produce consistent and socially realistic results in all low, middle and high income countries.

Institute staff played a leading role in developing and analysing all of these surveys, changing the way poverty is understood and measured. Politicians and the public now think of poverty in terms of deprivation of the necessities of life and exclusion from the normal/customary living patterns of UK society.

The **Resolution Foundation** published new research on 3rd January 2021 – Demonstrating that household wealth is profoundly important for living standards. They show that wealth inequality in the UK is high and has increased slightly over the past decade as financial asset prices increased in the wake of the financial crisis. But data deficiencies are a major barrier in understanding the true distribution, composition and size of household wealth.

They find that the most comprehensive survey of household wealth in the UK does a good job of capturing the vast majority of the wealth distribution, but that nearly £800 billion of wealth held by the very wealthiest UK households is missing. They also find tentative evidence to suggest that survey measures of high-wealth families undervalue their assets – their central estimate of the true value of wealth held by households in the UK is 5% higher than the survey data suggests.

Key findings are:

- ➤ Wealth inequality in the UK is high and evidence suggests it has slightly increased over the past decade.
- ➤ Official measures of wealth fail to capture the true extent of wealth held by the very wealthiest families.
- ➤ Combining additional data and statistical techniques suggest official measures of wealth miss 5 per cent of total wealth and underestimate shares of wealth held at the top of the wealth distribution by the same amount.

I would like to develop **our own dashboard** of poverty indicators, drawing on best practice, whilst ensuring that we have visibility of locally relevant data. This may take some time to define, develop and refine. It will require a partnership approach and involve contribution from partners to provide a comprehensive picture of poverty.

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