

Article

# Persistent poverty in the UK and EU: 2017

Comparisons of persistent poverty between UK and other EU countries.

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# 1 . Main points

- In the UK, 7.8% of the population were in persistent poverty, equivalent to roughly 4.7 million people; persistent poverty is defined as experiencing relative low income both in the current year and at least two out of the three preceding years.
- Persistent poverty rates in the UK in 2017 are comparable with levels in 2008, while Eurostat reported an estimated increase of 2.6 percentage points for the European Union (EU) over this period to 11.3%.
- Out of the 28 EU member states, the UK had the 12th highest poverty rate in 2017, but only the 20th highest persistent poverty rate; this reflects that in the UK, for those experiencing relative low income, it is more likely to be for a shorter period of time.
- An estimated 2.4 million working people were in poverty in 2017, of which 31% also experienced in-work poverty in 2016
- The most frequent reason for leaving in-work poverty was for employees to keep the same job and number of hours, but to increase their hourly pay, accounting for 44% of those who exited.
- Persistent material deprivation – which provides an estimate of the proportion of people whose living conditions are severely affected by a lack of resources – fell to 2.1% in 2017, continuing the decline over the past four years.
- People who were in persistent poverty were over four and a half times and five times more likely to be material deprived and persistently material deprived respectively than the average individual.

## 2 . Persistent poverty in the UK is lower than the average for the rest of Europe

**Figure 1: Persistent poverty in the UK is lower than the average for the rest of Europe**

**Persistent at risk of poverty rates and at risk of poverty rates, EU28 and other select countries, 2017**

### Notes:

1. Includes data from EU28 and for other select countries, Norway, Turkey, Serbia and North Macedonia who are not members of the EU. Slovakia's data for persistent poverty is unavailable.

[Download the data](#)

This release presents estimates of poverty, and persistent poverty in the UK, and Europe.

The definition of poverty used is at-risk-of-poverty, and people are defined as such if they live in a household with an equivalised disposable income that falls below 60% of the national median in the current year.

Persistent poverty is defined as being in poverty in the current year and at least two of the three preceding years. This type of relative indicator does not measure absolute wealth or poverty, but low income in comparison with others living in the same country, which in itself does not necessarily imply a low standard of living. More information about the definitions of poverty, and the sources used is contained within the Measuring the data section.

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

In contrast to persistent poverty, the UK's and EU's poverty rates were similar – 17.0% and 16.9% respectively. The UK's poverty rate is similar to Malta (16.7%) and Portugal (18.3%).

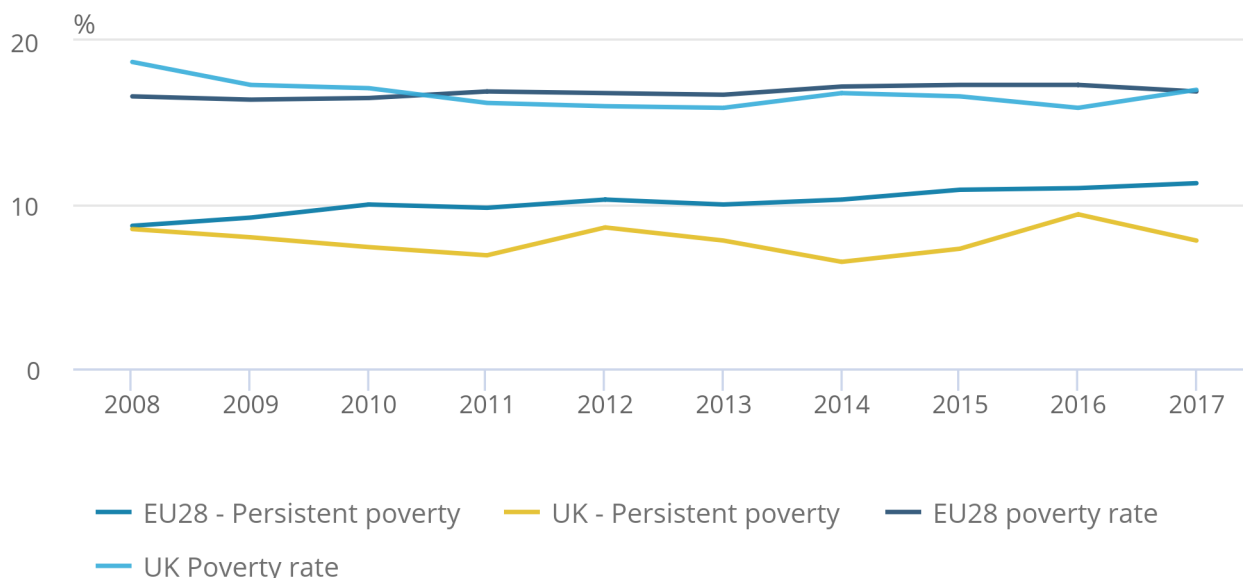
Countries have, for the most part, similar poverty and persistent poverty rates as their neighbours. For example, the Nordic countries (Sweden, Norway, Denmark, and Finland) all have lower than average poverty and persistent poverty rates. The Baltic states (Latvia, Lithuania, and Estonia) and countries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

**Figure 2: UK's persistent poverty rates are relatively stable between 2008 to 2017, while the EU average has increased**

Poverty and persistent at risk of poverty from 2008 to 2017 in the UK and EU28

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Poverty and persistent at risk of poverty from 2008 to 2017 in the UK and EU28



Source: Eurostat, Office for National Statistics

Between 2009 and 2017, the UK's overall poverty rate is broadly comparable with the average of EU member states, both fluctuating between 15.9% and 17.3%. In contrast, the UK persistent poverty rate was lower than the EU average over the same period. While the UK has remained at a broadly similar level (8.5% in 2008 and 7.8% in 2017), the EU average has been slowly rising over the decade. This has led to a widening gap over the long-term, so that in 2017 the EU persistent poverty rate was 3.5 percentage points higher than the UK's (Figure 2).

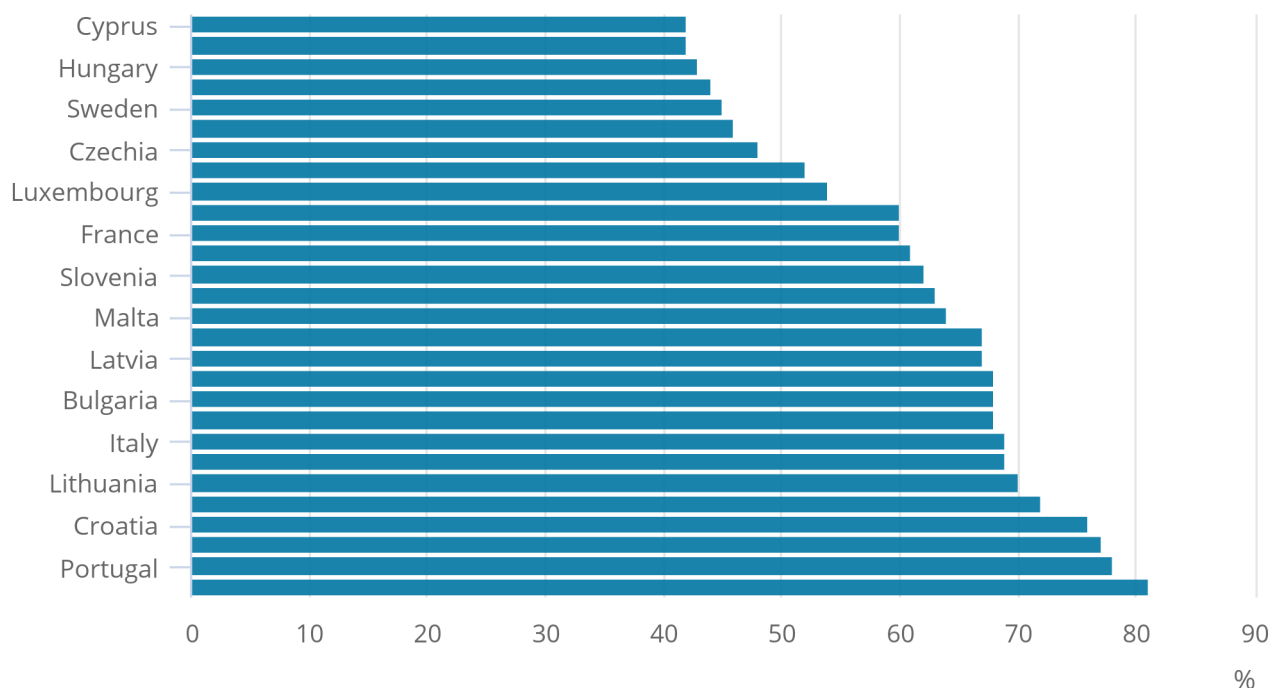
This relationship between rates of persistent poverty and overall poverty can be most clearly seen when considering the ratio between the two rates expressed as a percentage (Figure 3). A ratio of 50% would suggest that half of those currently in poverty were also poor in at least two out of the last three years.

**Figure 3: Poverty in the UK tends to be more temporary compared with other European countries.**

Proportion of those in poverty who are persistently in poverty, UK and EU28 countries

Figure 3: Poverty in the UK tends to be more temporary compared with other European countries.

Proportion of those in poverty who are persistently in poverty, UK and EU28 countries



Source: Eurostat, Office for National Statistics

Notes:

1. Excludes Slovakia as their persistent poverty rates are unavailable.

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

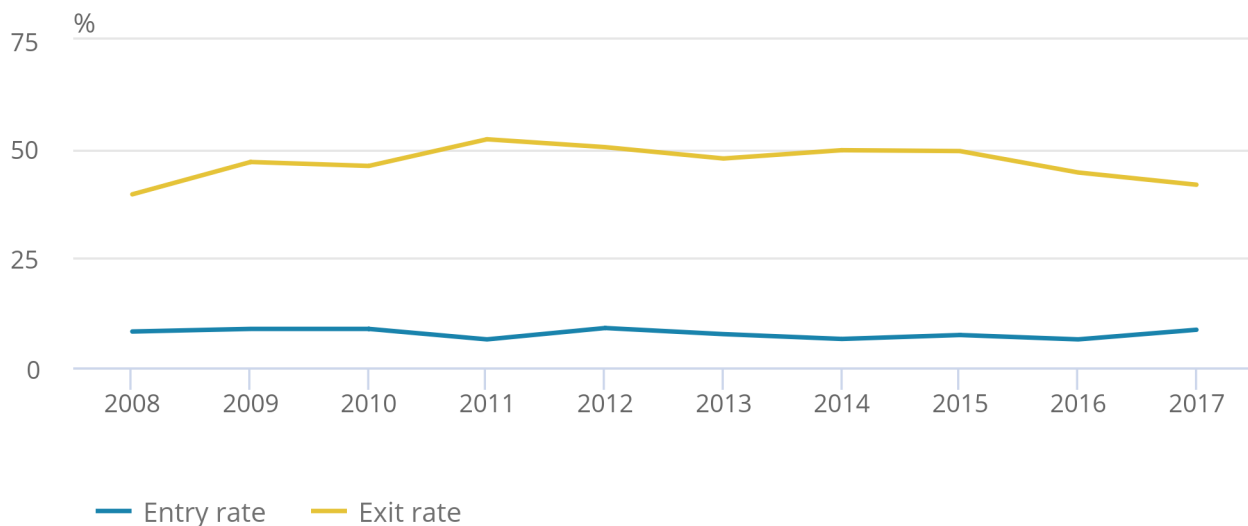
Poverty entry and exit rates provide useful insight into transitions in and out of poverty, and can reflect the changes those with low incomes can experience. Poverty entry rates are defined as the proportion of population that enter poverty each year, while the exit rates show the proportion of those in poverty who exit poverty each year.

**Figure 4: Poverty entry rates in the UK have been broadly stable over recent years, while the exit rates have declined**

Poverty entry and exit rates for the UK, 2008 to 2017, percentage of individuals

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Poverty entry and exit rates for the UK, 2008 to 2017, percentage of individuals



In 2017, the UK's poverty entry rate was 8.6%, while the exit rate was 41.8%. Entry rates have been steady between 2008 and 2017. Typically, the poverty exit rate has been above 40% since 2008 and was closer to 50% between 2011 and 2014. Since 2014, the exit rate has declined and is at its lowest point since 2008 in 2017, indicating that people experiencing relative low incomes are less likely to exit poverty than they were for most of the previous decade.

As there are fewer people in poverty than not in poverty, it is expected that exit rates expressed as a percentage of those in poverty would be higher than entry rates as a percentage of those not in poverty. Small changes in the number of people in each case would equate to a much larger percentage change for those in poverty.

## Figure 5: Most individuals remain in the same work and poverty status in 2017

### Transitions between work status and poverty status, 2016 to 2017, UK, percentage

#### Notes:

1. Number of people in each transition available via csv and xls download (Rounded to nearest 100,000).

Figure 5 highlights the proportion of people in each type of work and poverty status in 2016 and 2017, as well as the transitions between them (see glossary for definition of work status). In 2016, 42% of the population were both in-work and not in poverty, falling by 1 percentage point to 41% in 2017.

Overall, 79% of individuals remained in the same work and poverty statuses in 2017, mainly driven by the 37% of people who stayed in work and out of poverty for both years.

Looking in more detail, the majority (62%) of those who were in child poverty in 2016 were also in poverty the following year, while 38% left poverty in 2017. Conversely, 13.1% of those children who were not in poverty in 2016 were in a household with relative low income the following year.

Of those who were in in-work poverty in 2016, around half – equivalent to 1 million people – left in-work poverty the following year, while the rest remained in in-work poverty in 2017.

Exploring further those who enter poverty, the largest amount (29.8%) are dependent children (in both years), closely followed by in-work adults (26.2%). While the majority of transitions (89%) were people who stayed within their original work status, 4.2% moved from in-work to out-of-work, and 1.8% from retired to being in-work.

Similarly, the largest amount of those exiting poverty (26.5%) were dependent children, followed by those who remained in-work (26.3%). Fourteen per cent of people who exited poverty, entered work from being out-of-work – the largest proportion out of those who exited poverty, and changed their work status.

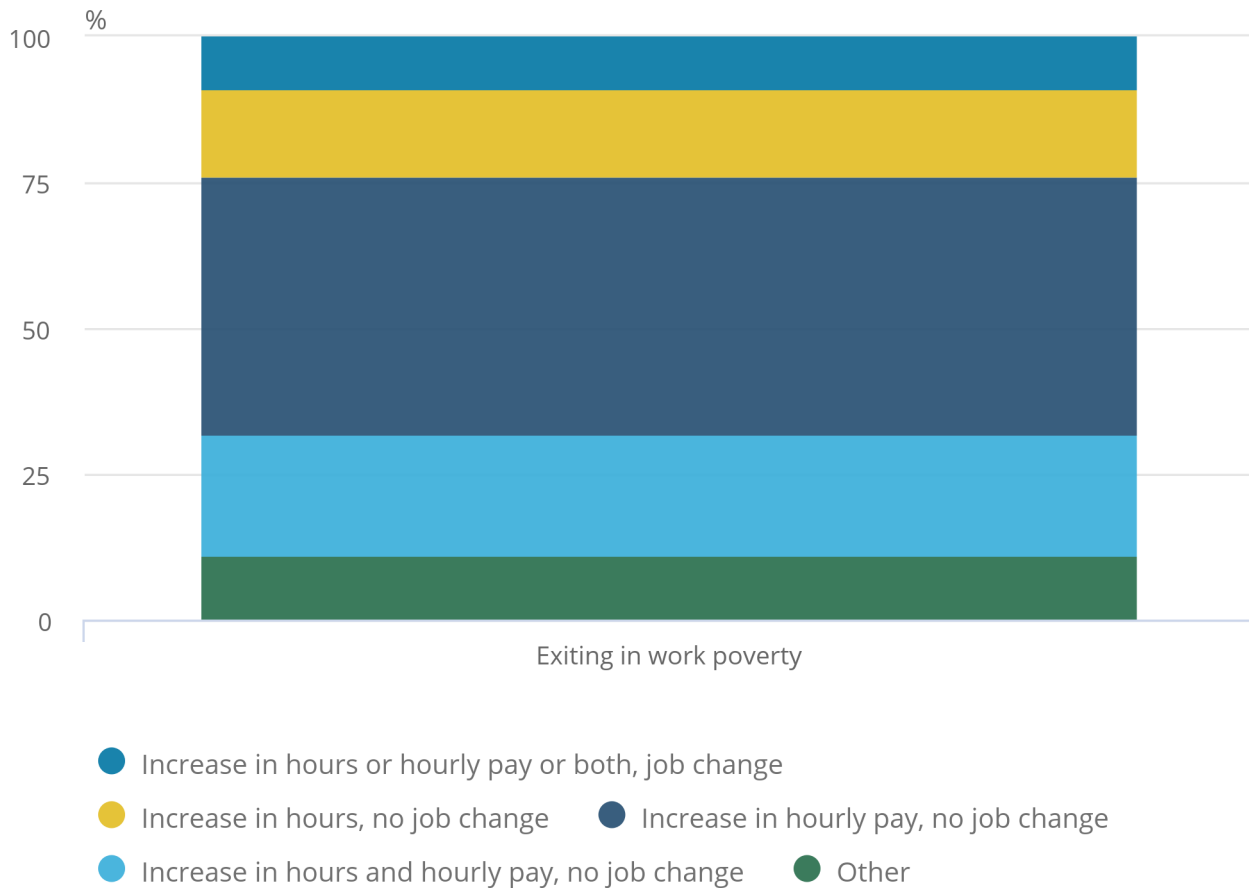
There are multiple ways in which a person can exit in-work poverty, and often these factors can occur simultaneously. Figure 6 examines different circumstances such as people increasing their hours or pay or both, either in their current job or in a new job. The “Other” category denotes circumstances not captured, such as changes to the composition of the household, changes in the income from sources other than employment, or increased earnings from another household member.

**Figure 6: Employees keeping the same job and number of hours, but increasing their hourly pay is most frequent reason for exiting in-work poverty**

Proportion of people exiting in work poverty by reason, 2016 to 2017, UK

Figure 6: Employees keeping the same job and number of hours, but increasing their hourly pay is most frequent reason for exiting in-work poverty

Proportion of people exiting in work poverty by reason, 2016 to 2017, UK



Source: Office for National Statistics

Notes:

1. An increase in hourly earnings refers to a nominal increase of 5% or more.
2. An increase in hours worked refers to an increase of 5% or more.

Figure 6 shows that 44% of people exited in-work poverty due in increases in their hourly pay, without a significant change in the hours they worked, while remaining in the same job. The majority of people who exited in-work poverty were those who stayed within the same job – 81%.

While assessing living standards in terms of looking at households with relative low income, it is also useful to expand the focus on other measures. For example, income tends to be volatile and, as such, it may not adequately reflect an individual's well-being. For example, short-term unemployment or sickness may cause a temporary reduction in income, which will not necessarily be matched by a corresponding drop in consumption or well-being. Similarly, more systematic lifetime fluctuations that lead to a reduction in income may not adversely affect their consumption, as people might be spending their wealth, for example.

Severe material deprivation describes the proportion of individuals in the population who are unable to afford four or more items considered by most people to be desirable or even necessary for everyday life. More information on these items are contained within the Glossary. Similar to poverty and persistent poverty, if someone is in severe material deprivation for the current and two of the three previous years, then they are in persistent severe material deprivation.

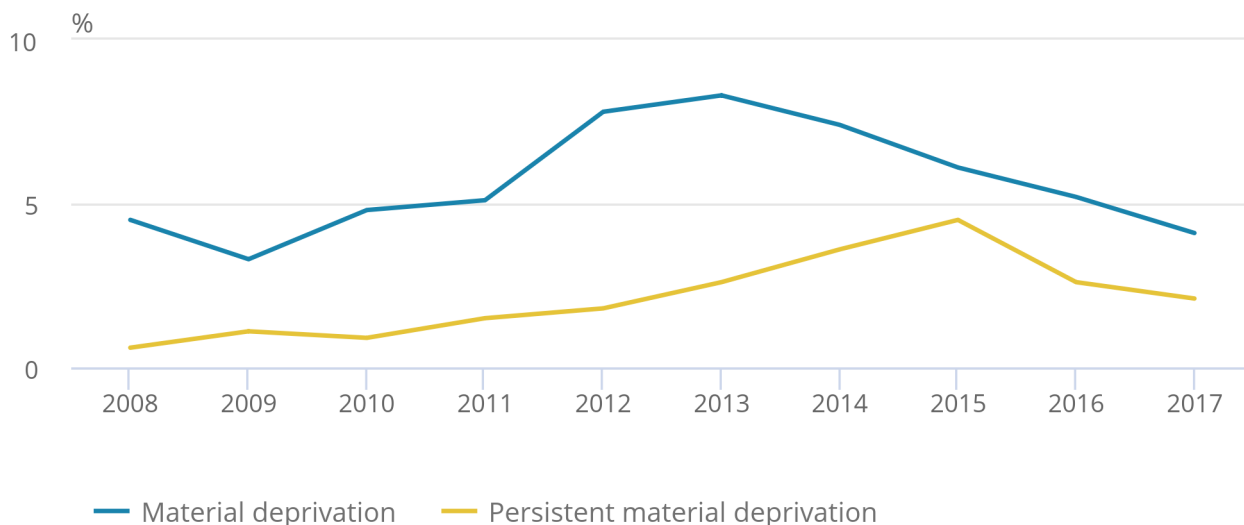
The severe material deprivation and persistent severe material deprivation rates were 4.1%, and 2.1% respectively in 2017. This suggests that just over half of those who are in material deprivation are in persistent material deprivation. For those in poverty, as a comparison, under half of them were also in persistent poverty.

### Figure 7: Severe material deprivation and persistent severe material deprivation have fallen in recent years

Severe material deprivation and persistent severe material deprivation rates, 2008 to 2017, UK

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Severe material deprivation and persistent severe material deprivation rates, 2008 to 2017, UK



Source: Eurostat, Office for National Statistics

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

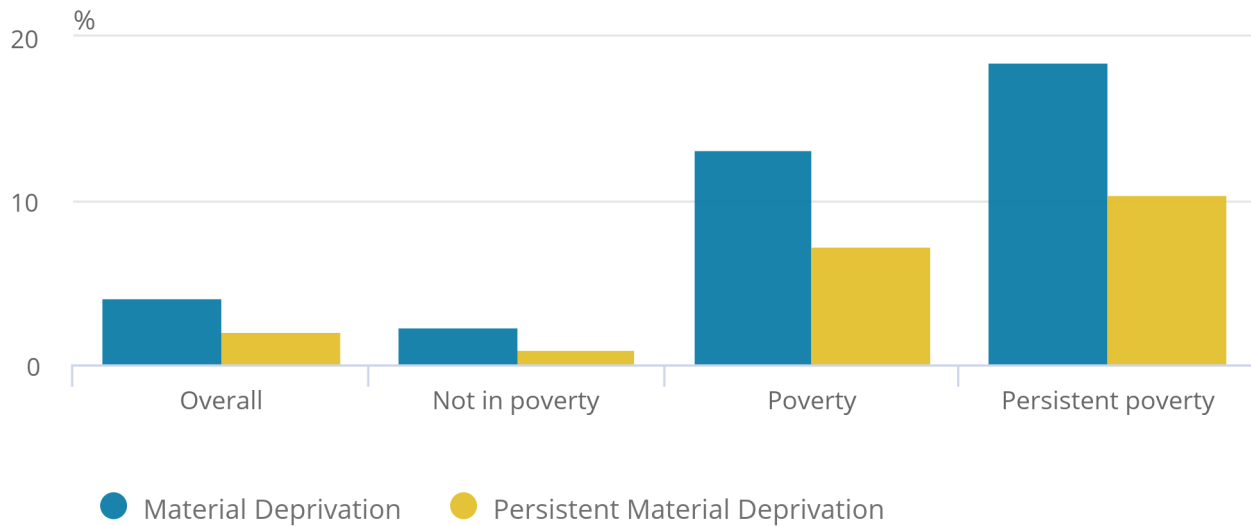


**Figure 8: People who are in persistent poverty are more likely to be materially deprived and persistently material deprived**

Material deprivation and persistent material deprivation by poverty status of individual, 2017

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Material deprivation and persistent material deprivation by poverty status of individual, 2017



Source: Office for National Statistics

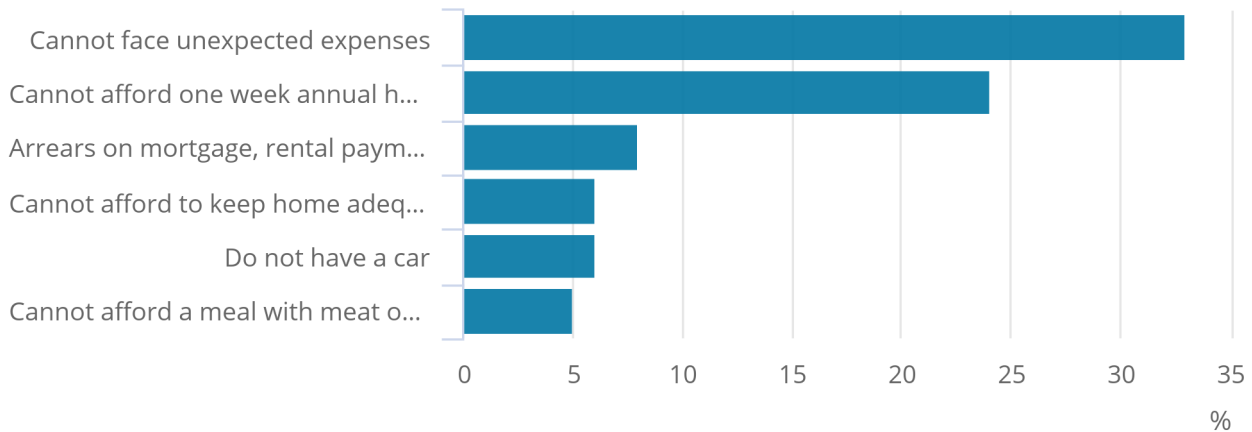
Poverty and persistent poverty rates are positively associated with severe material deprivation. In 2017, of those who were in poverty, 13.2% of individuals were severely materially deprived, while 7.3% were in persistent material deprivation. While, out of those who were persistently in poverty 18.5%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

## Figure 9: 33% of population can't afford an unexpected expense

Proportion of individuals who meet a material deprivation condition, percentage UK 2017

### Figure 9: 33% of population can't afford an unexpected expense

Proportion of individuals who meet a material deprivation condition, percentage UK 2017



Source: Office for National Statistics

Figure 9 highlights the proportion of individuals who have an enforced lack of each material deprivation item defined in the Glossary. A third of people cannot face unexpected expenses, while 23.7% cannot afford a one-week annual holiday.

## 3 . Related statistics and analysis

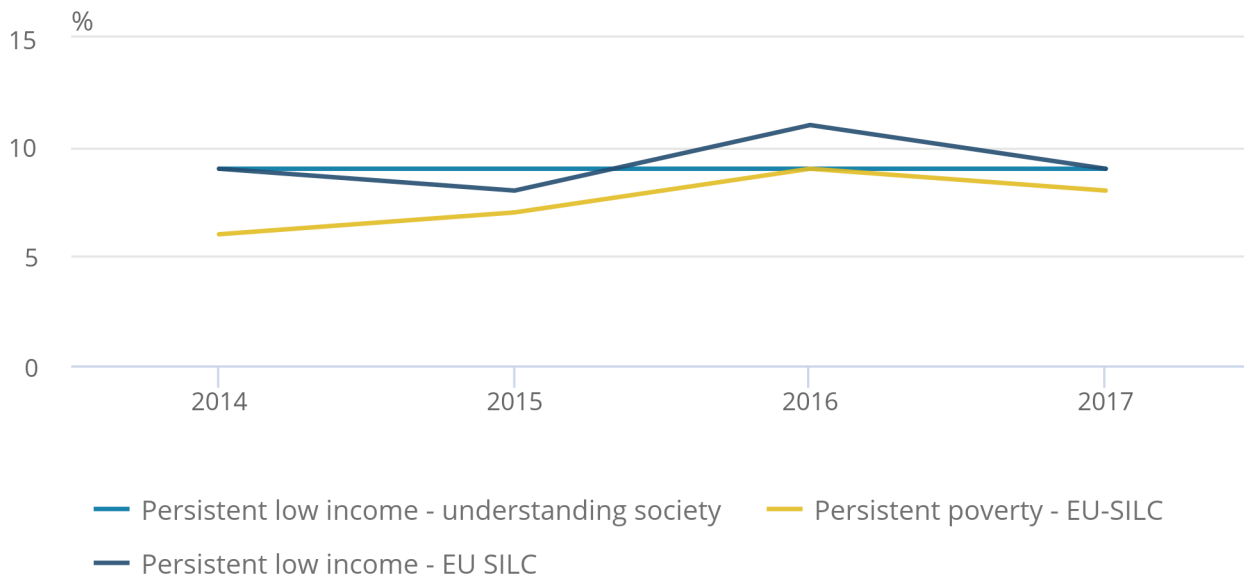
The Department for Work and Pensions publish experimental data on Income [Dynamics](#), using data from the Understanding Society survey. This release included estimates of “persistent low income”, a similar measure to the persistent poverty rate considered in this release. For comparison, experiencing persistent poverty is defined as being in poverty in the current year and at least two of the three preceding years, whereas experiencing persistent low income is defined as being in low income for any three of the last four survey periods. As the definition of persistent low income does not require the individual to be in low income in the current year, the proportion of people experiencing persistent low income higher compared with on a persistent poverty measure (Figure 10).

## Figure 10: Other measures of persistent low-income are broadly comparable

Comparisons of persistent relative low income using different data sources

### Figure 10: Other measures of persistent low-income are broadly comparable

Comparisons of persistent relative low income using different data sources



Source: Department for Work and Pensions, Office for National Statistics

## 4 . Background information

This article uses the latest longitudinal data from the European Union Statistics on Income and Living Conditions (EU-SILC), which covers the years 2014-2017. [EU-SILC](#) is coordinated by Eurostat (the European Commission's statistical agency) under EU regulation and provides cross sectional and longitudinal data on income, poverty and living conditions across Europe. Alongside the 28 EU countries, other countries including Norway, North Macedonia, Serbia and Turkey submit data. These four countries identified here are included with in the article.

## 5 . Measuring this data

### What is persistent poverty?

In this release, individuals are experiencing relative poverty if they live in a household with an equivalised disposable income that falls below 60% of the national median in the current year. This is a relative low-income measure also referred to as the “at risk of poverty” rate, which measures income compared with other people. As such, being at risk of poverty does not necessarily imply a low standard of living.

Experiencing persistent poverty is defined as being in relative income poverty in the current year and at least two of the three preceding years.

Results are based on the [European Union Statistics on Income and Living Conditions \(EU-SILC\)](#), a household survey conducted since 2005 in EU member states and other select countries.

It is generally agreed that the effects of experiencing relative low income for long periods of time are more detrimental than experiencing low income for short periods. These measures are used by the European Commission as part of their indicators to monitor poverty and social exclusion across the EU.

A household's disposable income is the money available for spending after Income Tax, National Insurance and Council Tax are subtracted. It consists of wages and salaries from employment and self-employment, investment income, private and state pensions, and other benefits.

Equivalisation adjusts the income to consider the size and composition of the household. Income in this analysis is equivalised using the modified [Organisation for Economic Co-operation and Development \(OECD\) \(PDF, 165KB\)](#) scale.

While the focus in this release is on relative low income, in terms of measuring poverty, there are alternative approaches, some of which take into account a wider measure of the resources available to people. For example, the [Social Metrics Commission's A new measure of poverty for the UK report \(PDF, 1MB\)](#) details how a poverty measure was developed which takes into account not just incomes but liquid assets such as savings, as well as certain inescapable costs, such as rent or mortgage payments and childcare. The Department for Work and Pensions will publish experimental statistics in the second half of 2020 that will take the current Social Metrics Commission measure as a starting point and assess whether and how this can be developed and improved further to increase the value of these statistics to the public.

## 6 . Glossary

### Disposable income

Disposable income is the amount of money that households have available for spending and saving after direct taxes (such as Income Tax and Council Tax) have been accounted for. It includes earnings from employment, private pensions and investments as well as cash benefits provided by the state.

### Equivalisation

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

### Poverty

This release uses at-risk-of-poverty to define poverty. An individual is deemed to be at-risk-of-poverty if they live in a household with an equivalised disposable income below the poverty threshold. This threshold is set at 60% of national median equivalised disposable income.

### Persistent poverty

An individual is in persistent poverty if they are in poverty for the current year as well as two of the past three years.

## **Entry and exit rates**

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

## **In-work poverty**

An individual who identifies as being in work and whose equivalised household income is below 60% of the median equivalised household income across the UK. In-work includes being employed or self-employment and full-time and part-time employment.

## **Dependent children**

A dependent child is defined as an individual who is below 18-years-old or is below 25-years-old, out of work, and is living with at least one parent.

## **Material deprivation**

An individual is in severe material deprivation if they do not have the ability to afford four or more of the following conditions:

- to not have arrears on your mortgage or rent payments, hire purchase instalments or other loan payments
- to afford a one-week annual holiday away from home
- to afford a meal with meat, chicken, fish or a vegetarian equivalent every other day
- to be able to face unexpected financial expenses
- to afford a telephone or mobile phone
- to afford a colour television
- to afford a washing machine
- to afford a car
- to afford to keep the home adequately warm

## **Persistent material deprivation**

An individual is in persistent material deprivation if they are in material deprivation for the current year and two of the previous three years.

# **7 . More about household income**

## [Households below average income \(HBAI\)](#)

Released 28 March 2019

The Department for Work and Pensions produce statistics on the number and percentage of people living in low-income households in the UK.

[Average household income](#) and [Household income inequality](#)

Bulletins | Released on 26 February 2019

Two separate bulletins providing first survey-based statistics on average household income, and income inequality for financial year ending 2018.

## [Effects of taxes and benefits on UK household income: financial year ending 2018](#)

Released 30 May 2019

The redistribution effects on individuals and households of direct and indirect taxation and benefits received in cash or kind analysed by household type, and the changing levels of income inequality over time.

## [EU-SILC](#)

European Union member states produce statistics on income and living conditions. These include social indicators at risk of poverty, persistent at risk of poverty and material deprivation.

## **8 . You may also be interested in**

### [A guide to sources of data on earnings and income](#)

Article | Updated 4 February 2019

For further information on other sources of income and earnings data, including the appropriate uses of and limitations of each data source see Contact name.

### [Employee earnings in the UK](#)

Statistical bulletins | Updated 25 October 2018

Important measures of employee earnings, using data from the Annual Survey of Hours and Earnings (ASHE). Figures are presented mainly for full-time employees, although some detail for part-time workers is also included.

## [Centre for Equalities and Inclusion](#)

Article | Released on 12 December 2018

The Centre for Equalities and Inclusion aims to improve the evidence base for understanding equity and fairness in the UK today, enabling new insights into key policy questions. We are a multi-disciplinary convening centre based at Office for National Statistics, bringing together people interested in equalities data and analysis from across central and local government, academia, business and the third sector.

## [Personal and economic well-being in the UK: April 2019](#)

Statistical bulletins | Updated 4 April 2019

Estimates of the combined findings for personal well-being (January 2018 to December 2018) and economic well-being (October to December 2018) in the UK. This is part of a new series on people and prosperity.

## [Wealth in Great Britain Wave 5: 2014 to 2016](#)

Statistical bulletins | Updated 1 February 2018

Main results from the fifth wave of the Wealth and Assets Survey covering the period July 2014 to June 2016.

## [Family spending in the UK: April 2017 to March 2018](#)

Statistical bulletins | Updated 24 January 2019

Average weekly household expenditure on goods and services in the UK, by region, age, income, economic status, socio-economic class and household composition.