

Information Directorate

Low-Income Dynamics

1991-2007 (Great Britain)



Executive summary

Low-Income Dynamics looks at the issues of income mobility and the extent of persistent low income experienced by different groups. The information presented in this paper is based on data from the longitudinal British Household Panel Survey (BHPS) from 1991-2007.

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1 Introduction

The extent to which individuals living in low-income households at a point in time are simply experiencing transitory fluctuations in income, or are persistently experiencing low income, is clearly an important issue and one that can only be addressed using longitudinal data. The issues of income mobility and the extent of persistence of low incomes experienced by different groups are therefore addressed in this paper using data from the longitudinal British Household Panel Survey (BHPS).

Since 2004/05, the Households Below Average Income (HBAI) publication has only presented trends for individuals who are persistently observed as living in low-income households, with a Website address directing to the full Low Income Dynamics (LID) paper.

The information presented in this paper is based on analysis of seventeen waves of the BHPS, from 1991 up to and including 2007. This publication concentrates on low-income dynamics. It shows trends in relation to individuals who are persistently observed as living in low-income households and presents transition rates, that is, the likelihood of individuals to either enter or exit low income.

1.1 Changes since last year

- Some of the BHPS figures presented in this paper are subject to revisions because changes are made by the data providers. New information can be collected from respondents for earlier years.

- Following user consultation Tables 7.1, 7.2, 8.1 and 8.2 have been extended to include four four-year periods of data, namely 1991-1994, 1995-1998, 2000-2003 and 2004-2007. Following this, the layout of 7.1 and 7.2 has also been changed, with results for those below the 60 per cent and 70 per cent of median income thresholds presented on one page and those in the bottom 20 per cent and 30 per cent of the income distribution on a second page.

1.2 What are we trying to measure?

Information presented here is broadly consistent with the HBAI report. HBAI uses household disposable incomes, adjusted for household size and composition, as a proxy for material living standards. More precisely it measures the level of consumption of goods and services that people could attain given the disposable income of the household in which they live. However, one difference is that while the current paper continues to use the McClements scales for equivalisation, the HBAI report uses the OECD equivalence scales. Appendix 4 contains the key persistent low-income indicators calculated using the OECD scale.

In order to allow comparisons of the living standards of different types of households, income is adjusted to take into account variations in the size and composition of the households. This process is known as equivalisation, and is explained in more detail below.

A key assumption made in LID is that all individuals in the household benefit equally from the combined income of

the household. This enables the total equivalised income of the household to be used as a proxy for the standard of living of each household member.

Average 'household' income referred to in this paper is thus the average 'living standard' for individuals as determined by their net disposable equivalised household income.

See Appendix 1 for a detailed definition of net disposable household income and Appendix 2 for further details of the methodology underpinning the analyses presented in this paper.

1.3 Equivalisation

As explained above, income is adjusted, or equivalised, to take into account variations in both the size and composition of the household. This process reflects the common sense notion that a family of several people needs a higher income than a single person in order for both households to enjoy a comparable standard of living.

Equivalence scales conventionally take a couple with no children as a reference point. The incomes of larger households are adjusted downwards and the incomes of smaller households are adjusted upwards relative to this benchmark. The income values quoted relate to the 'cash' income for a couple with no children, and the equivalisation process must be reversed in order for them to be converted to cash incomes for other family types.

The adjustment also incorporates assumptions about the extent to which sharing allows individuals to attain a higher standard of living than they would if living independently with the same cash income. Appendix 2 gives more detail.

1.4 Definition of Income

The measure of income used in the BHPS analysis presented in this paper is net disposable household income. That is to say the sum, across all household members, of income (after the deduction of Income Tax and National Insurance Contributions) from employment and self-employment, investments and savings, private and occupational pensions, Social Security benefits and Tax Credits (see Appendix 2 for further detail on income and housing costs).

Traditionally, LID presents analyses of disposable income on two measures: Before Housing Costs (BHC) and After Housing Costs (AHC). This is principally to take into account variations in housing costs that may not correspond to comparable variations in the quality of housing.

As a form of general taxation, Council Tax is also deducted from the definition of net disposable income used in FRS-based HBAI analysis. However there was insufficient information on Council Tax collected on the BHPS in earlier years to allow the construction of an income measure excluding Council Tax. Previous analyses have assessed the impact of not deducting Council Tax on the FRS income. In general, not deducting Council Tax leads to a slight reduction in snapshot estimates of the risk of low income, although this is most marked for pensioners.

1.5 Low Income

Low income is defined in this paper in terms of thresholds of median income, specifically 60 per cent and 70 per cent of median income. This is in line with the indicators of persistent low income

as presented in the Households Below Average Income report and also the agreement reached at the Statistical Program Committee of the European Union in 1998, which recommended the 50, 60 and 70 per cent of median income, with preference for the 60 per cent median indicator. Analyses of results based on the bottom 20 and 30 per cent of the income distribution have also been included. This is both for comparison, and to validate results based on thresholds of median, as they are vulnerable to measurement error because this part of the distribution is particularly densely populated and the BHPS sample is smaller than the Family Resources Survey that is used to construct HBAI estimates.

1.6 Data Source

The British Household Panel Survey (BHPS) is a longitudinal survey designed to capture information on a nationally representative sample of the population of Great Britain; this was extended to cover Northern Ireland in 1997. It has been developed and run by the University of Essex, Institute for Social and Economic Research (further information and details of their database can be found on their website at <http://www.iser.essex.ac.uk/>).

The initial selection of around 5,500 households (approximately 10,000 individual interviews) was sampled from the Postcode Address File, with the same households/individuals re-interviewed, where possible, in each subsequent survey year. Measures are in place to compensate for the inevitable attrition rate, whereby the original respondents were no longer available. Additional samples for Scotland and Wales were introduced in 1999 to boost representation for these areas. The analysis here only uses

original sample members and their children, so only covers Great Britain. This is in line with BHPS analysis best practice.

The British Household Panel Survey has been subsumed into the larger Understanding Society survey from the start of 2009. This means that the next edition of Low Income Dynamics will be the final one in the current form. DWP statisticians are looking into options on how to continue measuring the persistence of low income.

1.7 Reliability of Results

The BHPS is a sample survey and as such the figures presented here are subject to variation as a result of both sampling error and bias due to non-sampling error (principally non-response and attrition of the original panel - see Appendix 2 for a fuller explanation). In particular, caution should be exercised with regard to year-on-year changes in results, as these are likely to be small in relation to sampling variation and other sources of measurement error.

The Family Resources Survey (FRS) is the main data source used to produce HBAI estimates. It remains the official source for cross-sectional low-income analysis, as it has a much larger sample size, is designed as a cross-sectional survey first and foremost, and collects more detailed information on incomes.

Figures are rounded to the nearest percentage point independently, meaning differences may not sum exactly due to rounding.

1.8 Acknowledgements

The British Household Panel Survey data was made available through the

UK Data Archive. The data is released under the auspices of the ESRC UK Longitudinal Studies Centre (ULSC) at the University of Essex. Neither the ULSC nor the Archive bears any responsibility for the analysis or interpretation of the BHPS data presented here.

1.9 Contact Points

We welcome feedback on all our publications. If you have any comments or questions in relation to the information presented in this paper, please contact the DWP statistician responsible by telephone on 020 7449 7337, or by e-mail at team.hbai@dwp.gsi.gov.uk.

2 Summary of Key Findings

2.1 Income Mobility

- Over the period 1991-2007, there was considerable income mobility. For example, less than five per cent of the population remained in the same quintile, or fifth, of the income distribution for the whole of the period (see Table 3.1). There was less mobility for people in the top quintile, with around 10 per cent (Table 3.1) of those who started in that quintile staying there throughout the period. This was much higher than similar measures for other quintiles.
- Around half of individuals who were in the bottom or top quintile in 1991 spent nine or more years in that particular quintile from 1991-2007. Individuals in any of the middle three quintiles were less likely to have spent the majority of their time in their original 1991 quintile (Table 3.1). Comparisons between the two time periods, 1991-1998 and 2000-2007 (Tables 3.2 and 3.3), indicate that there were no large differences in income mobility between these periods.
- A person's location on the income distribution at the beginning of the period 1991-2007 was a good indicator of their location at the end of the period (Table 4.1). Around two-thirds of people were, in 2007, in the same quintile as in 1991 or in an adjacent quintile.

The above statements hold for both the Before and After Housing Costs measures.

2.2 Persistence of Low Income

Persistent low income is defined by spending three or more years out of any four-year period in a household with below 60 per cent of median income.

On a BHC basis, there have been larger improvements for children and for pensioners over the period 1991-2007 (Tables 6.1 and 6.2), but small reductions in persistent low income for the whole population or for working-age adults.

- There was a reduction for children over the period 1991-1994 to 1993-1996, which remained broadly the same up to 1998-2001, but has shown falls since.
- By the latest period 2004-2007 the incidence of persistent low income for children had fallen by seven percentage points since 1998-2001, and at 10 per cent BHC, was lower than it was at any time during the period since 1991-1994.

- For pensioners, there was a slight increase up to 1998-2001, followed by a steady fall of seven percentage points since.
- For both disabled and non-disabled adults there have been modest falls since 1991-1994.

On an AHC basis, there were reductions for all groups over the period 1991-2007 (Tables 6.1 and 6.2).

- For pensioners, the proportion rose between the periods 1991-1994 and 1995-1998, remained level until 1997-2000, but has shown a marked fall since. The level of persistent poverty for pensioners in 2004-2007, at nine per cent AHC, was lower than it was at any time during the period since 1991-1994.
- For children, the proportion in persistent poverty in 2004-2007, at 15 per cent, was one percentage point higher than 2003-2006, when it was lower than at any time during the period since 1991-1994.
- For both disabled and non-disabled adults there have also been falls since 1991-1994.

Individuals in single pensioner and lone parent families have high rates of low income, but these have reduced significantly (Table 8.1). Workless households and those in the social rented sector also have high poverty rates, but these have also reduced significantly.

The risk of experiencing persistent low income for children is higher for those living in lone-parent families, in rented accommodation and workless households. While this is true on both BHC and AHC measures (Table 8.2), the risks of poverty among these groups have declined markedly by 2004-2007 when compared to the earlier time periods.

2.3 Transitions into and out of low income

- Over the period 1991-2007, around three in ten individuals in low income exited between one year and the next (Table 9). Pensioners (both singles and couples) and lone parents had the lowest exit rates. Singles and Couples without children had the highest exit rates.
- The corresponding entry rate for all individuals into low income between any two successive years was one in fourteen individuals. Lone parents and those in workless households had the highest rates of entry into low income (Table 9).
- Analyses of the main events associated with movements out of and into low income are shown in Tables 10.1 and 11.1. A change in the head of household's earnings was the most common reason for the change in poverty status of these households. Alternatively, a rise in benefit income or a fall in income derived from other non-earnings income events was also a

common reason why these households respectively moved out of or into poverty.

- Taking the period 1991-2007 as a whole, of those people in consecutive persistent low income (defined as spending at least three consecutive years in a household with income below 60 per cent of contemporary median income), on average one in six individuals exited in any one year, while one per cent not in consecutive persistent low income entered into consecutive persistent low income (Table 12).
- Pensioners, those in workless households, and all parents, were least likely to exit from consecutive persistent low income, while those in workless households and lone parents, were most likely to enter into low income.

3 Detailed Analysis

3.1 Income in real terms between 1991 and 2007

Table 1 is based on all seventeen waves of BHPS data and shows income levels for the mean, median and various percentiles over time, in January 2008 prices on Before Housing Costs (BHC) and After Housing Costs (AHC) bases.

The tables show income growth in real terms from 1991-2007 on both BHC and AHC measures. Over this period, there was a higher income growth on an AHC basis. Year-on-year, percentage growth of mean and median, on both BHC and AHC measures were similar.

These tables have been presented in order to allow users to assess the robustness of BHPS income data presented in this paper.

With seventeen waves of data, it is possible to look at how the characteristics of those with persistently low incomes have changed over time.

The seventeen waves have been divided into fourteen overlapping subsets of four waves, covering each four-year period, from 1991-1994 to 2004-2007 (Tables 6.1 and 6.2). To be considered for inclusion in a particular period, individuals must have responded in the first year, and lived in fully responding households in all waves up to and including the final wave of the four-

year period, or be a child satisfying the above conditions, born to a permanent panel member.

Given the relatively small sample size of the BHPS (around 4,600 fully responding individuals in the longitudinal data by the end of the seventeen-year period), changes over time must be interpreted with caution, as they are likely to be small in relation to measurement error.

3.2 Comparison of Family Expenditure (FES) and Family Resources Survey (FRS) based low income estimates with their BHPS equivalents

Table 2 compares FRS/FES estimates of the percentage of individuals below 60 per cent of median household income, at a particular point in time, to the BHPS longitudinal and cross-sectional equivalents.

While the two cross-sectional series follow similar profiles there are significant methodological differences between the two series:

- i) The official HBAI series covers the United Kingdom from 1998/99 and Great Britain for earlier years whereas the BHPS series only covers Great Britain.
- ii) The official HBAI series uses the modified OECD equivalence scale, whereas the BHPS series uses the McClements equivalence scale.
- iii) Council Tax is deducted from the HBAI series, however the BHPS definition of income does not

deduct Council Tax expenditure, as the necessary information to do this was not available in earlier BHPS years.

Questions on the BHPS do not consistently allow reliable estimation of households' Council Tax liabilities, while those on the FRS do. While no comparisons have been attempted in this publication, past work suggests that not deducting Council Tax reduces rates of low income for all client groups, but has a larger impact on pensioner figures.

It should be noted that the FRS/FES based series remains the official source for cross-sectional low income analysis, as it has a much larger sample size, is designed as a cross-sectional survey first and foremost, and it collects more detailed information on incomes. Further, from 1998/99 headline statistics are for the United Kingdom rather than Great Britain as for earlier years. The HBAI publication also uses the modified OECD equivalisation factors. The equivalent BHPS estimates have been included in Table 2 for validation purposes only.

The BHPS estimates of low income, on both a BHC and AHC basis, are presented using both:

- the cross-sectional sample, which is topped up every year to counter attrition as respondents drop out;
- the longitudinal sample, which will become increasingly smaller and more vulnerable to attrition bias as respondents drop out over the years.

The presentation of BHPS results on cross-sectional and longitudinal bases allows us to gain an insight into the likely effect of attrition bias on the low-income estimates presented in this paper.

Short-term trends in FRS cross-sectional income-poverty rates may take a few years to feed through into BHPS estimates of persistent income-poverty.

3.3 Income Mobility

Table 3.1 shows where individuals spent the majority of the seventeen-year period, 1991-2007, in relation to their original quintile in 1991. From this we can conclude that relative to their position in 1991, on both BHC and AHC measures:

- Just under half of all individuals who were in the bottom quintile in 1991 spent nine or more years in the same quintile out of the seventeen years. Similarly around half of all individuals who were in the top quintile in 1991 spent nine or more years in the same quintile over the period 1991-2007.
- Over the period 1991-2007, there was considerable income mobility. For example, less than five per cent of the population remained in the same quintile of the income distribution for the whole of the period.
- There was less mobility for people in the top quintile, as those who started in that quintile were more likely to stay there throughout the period than those in any other quintile.

Tables 3.2 and 3.3 compare how income mobility has changed over two eight-year periods, 1991-1998 and 2000-2007. For individuals to be included in the analysis for Table 3.2, they must have been interviewed in each of the eight years in the period 1991-1998. Similarly, Table 3.3 includes those people that were interviewed in each year during the period 2000-2007.

Comparisons between the two time periods indicate that there are no large differences. Tables 3.2 and 3.3 show that:

- Individuals were more likely to remain in the top quintile than any other quintile throughout the period 1991-1998. This was true on both BHC and AHC bases. Comparisons between the periods 1991-1998 versus 2000-2007 showed that individuals in the lowest quintile were less likely to remain in that bottom quintile throughout the later period on an AHC basis.

Table 4.1 This table shows the construction of a transition matrix relating to the position of individuals at the beginning and end of the seventeen-year period 1991-2007. It shows that on both a BHC and AHC basis:

- By the end of the seventeen-year period, individuals were generally more likely to end up in the quintile they started in than in any other single quintile. This was especially so in the top and bottom quintiles.
- Around two-thirds of people were, in 2007, in the same quintile as in 1991 or in an adjacent quintile. Overall, more

than three in ten moved up or down by more than one quintile.

- Around one in ten of those in the top quintile in 1991 were in the bottom quintile in 2007, whereas slightly smaller proportions moved from the bottom quintile to the top.

3.4 Persistent low income

One possible measure of 'persistence' of low incomes would be to consider only those individuals whose income was 'low' in each year of the period in question. However, this would exclude people who experienced slightly higher income for very short periods, but whose long-term living standards were not actually very different from those captured in low income in each year.

This issue is relevant because the income distribution is particularly dense around the second and third deciles and the 60 and 70 per cent of median income markers. In addition, some short periods of recorded high income may be due to measurement error and not reflect any real improvement in living standards.

Therefore other definitions of persistence are also considered which involve experiencing a low income for the majority of the period:

- i) Regardless of how high their income was in the remaining year(s). This approach is adopted in the Government's report on Poverty and Social Exclusion, 'Opportunity for all' (Ofa) which defines persistence as spending three or four years out of any four-

year period below low-income thresholds.

ii) With an income in the bottom 20 or 30 per cent of the income distribution for the majority of years.

As we consider more restrictive definitions of 'persistence', we obtain measures with lower estimates for the proportion of the population who might be described as persistently poor.

3.5 'Opportunity for all' persistent low-income indicators

Table 6.1 presents the persistent low-income indicators for pensioners, children and working-age adults that are reproduced in the Households Below Average Income report.

For the period 2004-2007 the table shows that, for income BHC:

- Eight per cent of individuals lived in households with below 60 per cent of median income for at least three out of four consecutive years. Overall, this figure has shown modest falls since 1991-1994.
- 10 per cent of children lived in households with below 60 per cent of median income for at least three of the last four years. There was a reduction for children over the period 1991-1994 to 1993-1996, which remained broadly the same up to 1998-2001. Data since 1999-2002 show successive falls in percentages of children in such households until 2003-2006.

There was no change over the latest period and levels remained at the lowest point at any time over during the period since 1991-1994.

- Five per cent of working-age adults lived in households with below 60 per cent of median income for at least three years. Overall, this series has shown modest falls since 1991-1994.
- 14 per cent of pensioners lived in households with below 60 per cent of median income for at least three years. For pensioners, there was a slight increase up to 1998-2001, followed by falls since.

On an AHC basis, the table shows that for the period 2004-2007:

- 10 per cent of individuals experienced persistent low-income (defined as at least three out of any four years below 60 per cent of median income). This figure has fallen from 15 per cent in 1991-1994.
- 15 per cent of children lived in households with below 60 per cent of median income for at least three out of four years. Most of the decline to this current level occurred after 1996-1999.
- Seven per cent of working-age adults experienced persistent low-income. This figure has shown a modest falls since 1991-1994.
- Nine per cent of pensioners lived in households with below 60 per cent of median income for at least three years. For pensioners, the proportion fell between the periods 1991-1994

and 1993-1996, then rose between 1993-1996 and 1997-2000, but has shown a marked fall since. The level of persistent poverty for pensioners in 2004-2007, at nine per cent, was lower than it was at any time during the period since 1991-1994.

The definition of persistence used in Ofa is 'at least three years out of four below thresholds of 60 or 70 per cent of median income'. An alternative definition that does not appear in Ofa, using the bottom 20 or 30 per cent of the income distribution as opposed to thresholds of median income, is also included in Table 6.1 for validation purposes. This is useful as Ofa results may be subject to variation due to the density of the income distribution around the 60 and 70 per cent of median markers.

Table 6.2 presents the persistent low-income indicators for disabled and non-disabled adults.

For the period 2004-2007 the table shows that for income BHC:

- 11 per cent of disabled adults lived in households with below 60 per cent of median income for at least three out of four consecutive years. Overall this figure has shown a modest fall from 1991-1994.
- Five per cent of non-disabled adults lived in households with below 60 per cent of median income for at least three of the last four years. This figure has also shown a modest fall since 1991-1994.

On an AHC basis, the table shows that for the period 2004-2007:

- Ten per cent of disabled adults lived in households with below 60 per cent of median income for at least three out of four years. This figure fell from 18 per cent in 1991-1994.
- Six per cent of non-disabled adults experienced persistent low-income (defined as at least three out of four years below 60 per cent of median income). There has been an overall fall from 11 per cent since 1991-1994.

The definition of disability used in this analysis is 'a person whose health limits the type of work or the amount of work they can do'. This question is only asked of those aged 16 or over so analysis here is presented for adults only, excluding any dependent children that may have responded. In 1999 and 2004, different questions on health were asked, so the closest equivalent questions to that asked in other years have been used for these waves. This definition of disability is different to that used in HBAI.

3.6 Composition of persistent low-income groups

In Tables 7.1 and 7.2 and 8.1 and 8.2, individuals are defined by their characteristics in the first year of the period covered. Although some will experience changes in the composition of their household over the period, this is not considered here. For example, not all those individuals recorded as living in a lone-parent family in 1991 will still be living in a lone-parent family in 1994.

Table 7.1 outlines the family and household characteristics of those individuals who experienced 'persistent' low-income, where persistence is expressed as three years out of any four below low-income thresholds.

During the period 2004-2007, for those individuals living in households with below 60 per cent of median income in at least three years out of four, on both BHC and AHC measures (unless otherwise stated), it shows that:

- Just under half lived in families with children on the BHC measure, and around three-fifths on the AHC basis.
- Women far outnumbered men, due to a higher number of single female pensioners, and single parents being predominantly female.
- Around one third were in pensioner families on the BHC measure and just under one fifth AHC, of which around half were single and half couples on both measures.
- Around one third lived in workless households and around two-fifths lived in social housing.
- Just under half lived in families where no adults had any educational qualifications on a BHC basis, while just over a third lived in such families on an AHC basis.

The above conclusions are supported when validated against figures for the bottom 20 per cent of the income distribution.

Table 7.2 shows the family and household characteristics of those children who experienced 'persistent' low-income. During the period 2004-2007, for those children living in households with below 60 per cent of median income in at least three years out of four, on both BHC and AHC measures, it shows that:

- Around three-fifths lived in couple families.
- Around three-fifths lived in rented accommodation.
- Around 9 in 20 lived in workless households.

Due to the small sample sizes and the risk of measurement error, changes over time should be interpreted with caution. However, there is evidence to suggest the following on both BHC and AHC bases since 1991-1994, for those individuals persistently below 60 per cent of median income:

- Table 7.1 shows that there has been a fall in the proportion that are in families with children (to a lesser extent on the AHC measure), while at the same time there were increases in the proportion living in childless families. For couple families with children, this partly reflects changes in the proportion of the whole population accounted for by the group.
- There has been a substantial fall in the proportion that live in workless households, in social rented accommodation or in families where the adults have no qualifications. This last finding is entirely accounted for by a fall in the proportion of adults with no

qualifications in the whole population.

- Table 7.2 shows that there has been a fall in the proportion of children who lived in rented accommodation and those living in workless households.
- There has been an increase in the proportion of children living in couple households, where one is working and one is workless.

3.7 Risk of falling into persistent low-income groups

Table 8.1 shows the risk for individuals of experiencing 'persistent low-incomes' according to the characteristics of their family or household. This table differs from Table 7.1 in that it does not show the composition of low-income groups by household or characteristics, but rather the risk of persistent low-income for each group.

During the period 2004-2007, for those individuals living in households with below 60 per cent of median income in at least three years out of four, on both BHC and AHC measures (unless otherwise stated), Table 8.1 shows that:

- Those living in lone-parent or pensioner families (Before Housing Costs) were more at risk of persistent low-income than other family types. In contrast, there was a small risk for childless non-pensioner families.
- Those living in workless households also had a high risk of persistent low-income.

- Individuals without qualifications and those living in the social rented housing sector also had a higher risk of persistent low income.
- Women had a higher risk than men, though children had a higher risk than both.
- Private renters had a low risk on the BHC measure only.

Table 8.2 shows the risk for children of experiencing 'persistent low-incomes'. During the period 2004-2007, for those children living in households with below 60 per cent of median income in at least three years out of any four, on both BHC and AHC measures the table shows that:

- Those living in lone-parent families were more at risk compared to children in couple families.
- Children in rented accommodation and workless households also had a higher risk of persistent low-income.

Again, whilst, due to small sample sizes and risk of measurement error, changes over time should be interpreted with caution, the evidence suggests that:

- In Table 8.1, since 1991-1994, there has been a marked reduction in the risk of persistent low-income for individuals who were, at least in the first year of each four-year period, in lone-parent families, with smaller reductions for single pensioners and couples with children.
- By economic status, there were also noticeable decreases for

workless and pensioner households.

- There is some evidence of a decrease in risk for individuals living in the social and private rented sectors.
- While children were more at risk of experiencing persistent low-income for the entire period, when compared with adults (men or women), these differences have narrowed markedly over time.
- Table 8.2 suggests that since 1991-1994, all groups examined here have seen a decrease. In particular, there has also been a substantial reduction in the risk for children in lone-parent families, for those who live in rented accommodation, and for workless households.

4 Transitions into and out of low income

4.1 Introduction

As a complement to the previous section which looked at income mobility, and the extent of persistence of low income, the following section looks at events and characteristics that are associated with movements into and out of low income. The section describes the characteristics of low income escapers and entrants, and investigates how transitions are associated with trigger events. We consider exit and entry transitions separately because the factors that are associated with them differ. However, it is also important to look at them together, as movement into and out of low income is not uni-directional.

4.2 Methodology

The methodology in this section is based on that used in the report produced by S.P. Jenkins and J.A. Rigg with the assistance of F. Devicienti, for the Social Research Division at the Department of Work and Pensions.¹ The latest estimates also include new data for 2007.

¹ Jenkins, S.P and Rigg, J.A. with the assistance of Devicienti, F. (2001), 'The dynamics of poverty in Britain', DWP Research Report No 157

The analysis is based on all seventeen waves of the BHPS, from 1991 up to and including 2007, and uses a measure of equivalised household income consistent with that used in the previous section. The focus is on what factors are associated with transitions in relation both to low income experienced in a single year, and to a definition of persistent low-income, that is low income experienced over a consecutive period of time.

The unit of analysis is the individual. However, as individuals live in households where the living standard of the individual is estimated with reference to the net income of the household to which he or she belongs, they will therefore be affected by changes at the household level. This could come about either through changes in income levels, or by changes in the household composition which affects the equivalisation process.

When analysing routes into and out of low income, the threshold used was the standard 60 per cent of contemporary median income using the Before Housing Costs (BHC) measure. For the reason that households are subject to measurement error, and in turn that the threshold is subject to sampling and measurement error, the analysis for transitions between one year and the next only include 'clear' transitions. For example - in Table 9 - for an exit or entry to occur, household incomes must change by at least 10 per cent higher / lower than 60 per cent median income in the following year. However for specific income events – for example a change in the household head's earnings – a

change is recorded if earnings are at least 20 per cent higher / lower and are of an absolute money value of at least £10 a week.

As well as showing entry and exit rates for various family and household types, we also present tables showing to what extent these entry and exit rates can be associated with different trigger events. An approach used previously by Jenkins and Rigg in the aforementioned research was employed. In this method (described as 'Method 2' in the report), it is possible for exits to be recorded for more than one event. For example, the head of household may switch from a full-time to a part-time job and a household member may leave home. Analysis focuses on a set of 'major' events, and we then look at three types of statistic that are associated with these for individuals in low income:

- The prevalence of each trigger event. That is, how often the event in question occurs for those in low income.
- The exit or entry rate of those individuals who have experienced the event in question. For example for exit rates, this was the number of individuals in low income in one year who experienced the event and exited low income in the following year, expressed as a percentage of all those who were in low income and experienced the event.
- The proportion, or share, of all transitions that are accounted for by the event. That is for all the observed transitions into or out of low income, what proportion is

associated with the event in question.

For a change in an income component to be regarded as an event, the change also had to be above a certain threshold, to increase the likelihood that a genuine event had occurred. For this analysis, household income had to increase by at least 20 per cent, and by a minimum of £10 a week to be regarded as an event. This meant that transitions were less likely to be attributed to an event due to either measurement error or, for example, a slight increase in earnings occurring simultaneously alongside other events.

Tables are presented both for transitions between successive years, and for exits from and entries into persistent low-income.

4.3 Low income escapers and entrants between successive years, for different family and household types

All tables looking at transitions between two consecutive interviews present a single estimate for the seventeen waves of data collected from the BHPS. These estimates were constructed by identifying all relevant events between all sixteen combinations of adjacent years and then pooling these results across all years.

Tables 9, 10.1 and 11.1 show exit and entry rates for all low income escapers and entrants by family type and economic status of the household. For the purpose of this

analysis, the status of an individual is that of the first year of the analysis in an adjacent pair of years.

Table 9 shows the entry and exit rates for all individuals.

- Around three in ten individuals who experienced low income in any one year exited from low income in the following year.
- The entry rate for all individuals was one in fourteen individuals between one year and the next.

Family Type

- Lone parents had the highest entry rate into low income at around one in seven. Along with pensioners, they also had amongst the lowest exit rates at around one in four.
- Compared with lone parents, pensioners experienced lower entry rates. This was particularly the case for pensioner couples, whose rate of entry into persistent poverty was seven per cent over the period 1991-2007. By contrast, the entry rate for lone-parents was 15 per cent over this period.
- Low exit and low entry rates for pensioner couples suggests they had relatively stable incomes.
- Singles and couples without children had the highest exit rates at around 45 per cent.
- Under 1 in 20 couples without children entered low income between any two years. They were around four times less likely

to enter into low income than singles with children.

Economic status

The economic status of an individual is based on their status in the year before the transition occurred. The five breakdowns presented are mutually exclusive.

- Pensioner households and those in workless households experienced the lowest exit rates at around one in four.
- Workless households, when compared with any other economic status, had markedly higher entry rates at around one in five.
- Families where all adults were employees had the lowest chance of entering low income at three per cent. This risk was half that for 'couples, one workless, one employee', and a third as high for 'self-employed' families.
- However, the exit rate from low income for the 'self-employed', 'couples, one workless, one employee' and 'all adults are employees' were broadly similar, with around four out of ten exiting.

4.4 Events associated with exits from low income

Table 10.1 shows the main events that were associated with movement out of low income. Two distinct categories of events are presented: income events (further divided into labour and non-labour events) and demographic events,

for example a change in household type.

A change in household type was said to occur where an individual's household status changed between one wave and the next, where household status can take the following categories (note these categories have not been identified in separate tables this year):

1. Single non-pensioner
2. Single pensioner
3. Couple no children
4. Couple: dependent children
5. Couple: non-dependent children
6. Lone parent: dependent children
7. Lone parent non-dependent children
8. Two or more unrelated adults
9. Other households

For an increase in income to be considered an event, the income had to increase by at least 20 per cent and by more than £10 a week. The approach attempts to identify major events that may be associated with entry and exit into low income, as opposed to all possible events. It is possible that exits can be associated with more than one event, which means the sum of the share statistics is not necessarily 100 per cent. In Table 10.1, the sum of all events nearly always exceeds 100 per cent. For example, the event 'rise in other household members' income' will include some events where the number of workers has risen.

The tables distinguish between a change in the number of workers where household size is unchanged – so someone has changed their work status – and a change in the number of workers where the household size has changed. This attempts to capture

the dynamics separately for events that occur for adults within the household, compared with events where new workers enter the household. For non-labour income events, the tables identify only those instances where the same number of individuals was in the household in the year before as in the year after the transition. The exit rate is defined as the number of individuals moving out of low income between one year and the following year, expressed as a percentage of the total number of individuals who were in low income in the first year. The entry rate is the number of individuals moving into low income between one year and the following year, expressed as a percentage of the total number of individuals who were above the income threshold in the base year. While the number of people moving across the threshold in either direction is usually of the same order, the exit rate is always larger than the entry rate because the number below the threshold is small in relation to the number above the threshold.

Table 10.1 shows results, for all individuals:

- A rise in the earnings of the head of household was associated with almost four out of every ten exit events. This was due to the event being relatively prevalent for individuals in low-income households, and a high exit rate conditional on the event (that is, among those individuals who were in low income in the base year and experienced the event).
- A rise in the number of full-time workers had a higher conditional exit rate than just a rise in the number of workers (e.g. 67 per

cent vs 56 per cent when household size remained the same). Additionally, the conditional exit rate associated with an increase in the number of workers in the household was higher when household size changed than when it did not (e.g. 68 per cent vs 56 per cent).

- A rise in benefit income was associated with around one third of all exits. However, the exit rate conditional on the event, at 46 per cent, was lower than for an increase in non-benefits non-earnings income, which had a conditional exit rate of 56 per cent.

4.5 Events associated with entries into low income

Entries into low income have been defined as a change of income from at least twenty per cent above the low-income threshold to below 60 per cent of median income.

Table 11.1 shows the association between events and entries into low income for all individuals.

- Falls in earnings of the head of household had the largest share of entries, and was associated with around four in ten entries.
- A change in status to a single-parent household had a high conditional entry rate at 30 per cent, but only a small share statistic (1 per cent) because it was not very prevalent.

4.6 Consecutive persistent low-income escapers and entrants, for different household types

The analysis so far has presented rates of exit from and entry into low income between successive years. Another important concept to capture is the equivalent transition rates into and out of persistent low-income. For the purpose of this analysis, we have defined consecutive persistent low-income for an individual as having lived in a household with equivalised income below 60 per cent of contemporary median for at least three consecutive years. This differs from the definition used elsewhere in this paper which defines persistent poverty as being poor in at least three out of four years. The slightly different definition has been introduced here for simplicity and will be referred to as consecutive persistent low-income.

An exit from consecutive persistent low-income has been defined where an individual spent three consecutive years below the relative low income threshold, followed by two further consecutive years above the standard 60 per cent of median low-income threshold.

By introducing this stricter definition of exiting low income for two consecutive years, we have not counted as exits those events where individuals only exited from persistent low-income for a single year. These cases would still be classified as in persistent low-income using the 'Opportunity for

all' definition of 'at least three years out of four in low income'.

An entry into consecutive persistent low-income was defined as where an individual spent three consecutive years below the 60 per cent of median income threshold, which has been preceded by two consecutive years above the low-income threshold.

Statistics for entries relate to a different time-frame to exits because exits can only be recorded after a period of low income, and entries only recorded for a point in time prior to a period of low income.

Tables 12, 13.1 and 14.1 show exit and entry rates from and into consecutive persistent low-income. For the family type and economic status breakdown (Table 12), individuals must have remained in the same family type or economic status for the three years that preceded an exit, and for the first two years that preceded an entry. This ensured that any changes to individuals were those that only occurred at the point of transition. This restriction has not been applied to the 'All individuals' row.

Table 12 shows exit and entry rates from and into consecutive persistent low-income by family type and economic status of the household. The rates of both exits from and entries into consecutive persistent low-income were lower than transitions between successive years as shown in Table 9. Exit rates were 16 per cent, and entry rates only one per cent. These compared with Table 9 values of 32 per cent and seven per cent respectively.

Family type

- Pensioners, both couples and singles, were less likely to exit consecutive persistent low-income than all other family types.
- Lone parents and pensioners were most likely to enter consecutive persistent low-income. Unlike successive year transitions (see Table 9), where exit rates were similar, lone parents were more likely to exit than pensioners.
- Singles without children were most likely to exit consecutive persistent low-income, with a rate of around three in ten.
- Couples without children had a relatively high exit rate (20 per cent), but not to the same extent as for the equivalent successive-year transitions (Table 9), where they had amongst the highest exit rates (47 per cent) along with singles without children.

Economic status

- Families where all adults were in employment had the highest exit rate; around three in ten of these exited consecutive persistent low-income.
- The self-employed had an exit rate of around one in four, while couples with one employee and one workless had an exit rate of around one in five. Pensioners had a lower exit rate than other economic types of household, at around one in ten.

- Those in workless households had a relatively high entry rate, at four per cent.

4.7 Events associated with exits from consecutive persistent low income

Tables 13.1 and 14.1 show events associated with entry and exit from consecutive persistent low-income. These differ from “successive-year” exit and entry rate results presented earlier, which showed transition rates from and into low income between any single year and the next.

Table 13.1 shows exits from consecutive persistent low-income for all individuals, and the main events that were associated with these transitions. An event associated with an exit relates to a change in circumstances between the final year of a consecutive persistent low-income period, and the first year not in low income. Compared to “successive-year” (Tables 9 and 10.1) exits for all individuals, the prevalence of events was similar, as were the share of all exits that events were associated with (e.g. Tables 10.1 and 13.1 compared). Conditional exit rates however, were lower for exits from consecutive persistent low-income.

- A rise in the head of household’s earnings contributed to the greatest share of all exits, which was a relatively prevalent event with around one in seven individuals experiencing this event.
- The highest conditional exit rate was seen where an increase in

the number of full-time workers occurred with a different household size, with over half of individuals exiting persistent low-income when this event occurred.

- A rise in benefit income was associated with a large share of exits of around one-third.

4.8 Events associated with entries into consecutive persistent low income

An entry event into consecutive persistent low-income relates to a change in circumstances between the final year not in low income, and the first year of a period of consecutive persistent low-income.

Table 14.1 shows the main events that were associated with entry into consecutive persistent low-income for all individuals.

Like exits, the prevalence of events for entries was comparable between the successive-year analysis and the consecutive persistent analysis, as were the share statistics (compare Tables 14.1 and 11.1). The main exceptions to this were for a fall in benefit income and a fall in non-benefit non-earnings income, which each had lower shares of entries into consecutive persistent low-income of around a fifth. These compared with around three out of ten from the successive year analysis (Table 11.1)

- A fall in the head of household’s earnings was associated with four out of ten entries, the largest share of all entry events.

- A change to a lone-parent household was associated with the highest conditional entry rate, at seven per cent.

4.9 Explanatory notes

Please be advised that the following notes apply to specific tables as listed.

1. Some of the figures presented in the tables may have seen revisions since their publication in the last HBAI (2007/08) report and in the LID 1991-2006 report. This is due to changes to the base dataset made by the data providers, which has happened in most years previously and we would expect to also happen next year.

2. In Entry and Exit tables (10.1, 11.1, 13.1 and 14.1) for the category 'Fall or Rise in non-benefit, non-earnings income (same household size)', income here refers to all types of household income, excluding that derived from benefits and earnings. Such income may, for example, be from investments or private pensions.

3. In these Entry and Exit tables for the category 'Change in household type', includes all possible changes to the household, including all subsequent changes that are listed. Subsequent changes listed in specific tables are most prevalent among families in that type of household.

5 Tables

Table 1: Equivalised weekly income levels (in January 2008 prices)

Table 1 (BHC): Equivalised weekly income levels (in January 2008 prices)^{1,2}

£pw equivalised								Source: BHPS 1991-2007
Year	10th percentile	20th percentile	30th percentile	40th percentile	60% of median	70% of median	Median	Mean
1991	163	203	243	292	202	236	337	398
1992	164	203	241	283	196	229	327	393
1993	167	209	242	285	202	236	337	396
1994	173	211	249	292	201	235	335	403
1995	177	218	256	294	202	236	337	414
1996	177	227	261	303	211	246	351	414
1997	177	222	259	305	211	247	352	422
1998	181	227	269	313	223	260	371	437
1999	189	239	281	322	223	260	371	457
2000	191	240	281	329	229	267	382	452
2001	203	256	293	341	236	275	393	472
2002	204	265	304	354	244	285	407	472
2003	220	273	317	367	252	294	420	488
2004	214	270	319	367	253	295	422	499
2005	216	274	316	361	249	290	415	491
2006	222	275	326	374	254	296	423	503
2007	222	268	316	367	250	292	417	497
Percentage increase 1991 to 2007	36%	32%	30%	26%	24%	24%	24%	25%

Notes:

1. The table shows summary statistics of the equivalised income distribution for each BHPS year in constant (January 2008) prices. These summary statistics are derived using the Retail Price Index (RPI).
2. The underlying figures are subject to revisions due to changes to the base dataset made by the data providers.

Table 1 (AHC): Equivalised weekly income levels (in January 2008 prices)^{1,2}

£pw equivalised								Source: BHPS 1991-2007
Year	10th percentile	20th percentile	30th percentile	40th percentile	60% of median	70% of median	Median	Mean
1991	114	151	189	228	161	188	269	314
1992	115	151	184	223	158	185	264	311
1993	117	150	181	221	159	186	266	311
1994	126	156	188	230	163	190	271	319
1995	124	160	197	233	162	189	270	328
1996	129	163	200	235	167	194	278	330
1997	126	164	199	239	172	201	287	340
1998	136	169	210	254	181	211	301	357
1999	138	179	219	262	182	213	304	374
2000	142	185	222	269	191	223	318	374
2001	148	198	236	280	195	228	326	392
2002	150	209	251	290	203	237	339	393
2003	170	216	256	300	210	245	350	410
2004	169	219	264	311	215	251	359	426
2005	165	223	263	302	213	248	354	411
2006	165	224	267	311	215	250	358	430
2007	176	223	267	311	217	253	362	427
Percentage increase 1991 to 2007	54%	47%	41%	37%	34%	34%	34%	36%

Notes:

1. The table shows summary statistics of the equivalised income distribution for each BHPS year in constant (January 2008) prices. These summary statistics are derived using the Retail Price Index (RPI).
2. The underlying figures are subject to revisions due to changes to the base dataset made by the data providers.

Table 2 (BHC): Comparison of FES/FRS based estimates of the percentage of individuals below 60 per cent median household income at a point in time and their BHPS equivalents

Table 2 (BHC): Comparison of FES/FRS based estimates of the percentage of individuals below 60% median household income at a point in time and their BHPS equivalents¹

BHPS			FES/FRS	
BHPS year	longitudinal weights	cross-sectional weights	HBAI official series ²	FES/FRS year
All individuals				
1991	19	19	22	90/91*
1992	19	19	22	91/92*
1993	18	19	21	92/93*
1994	18	18	19	94/95
1995	17	17	18	95/96
1996	17	17	19	96/97
1997	17	17	20	97/98
1998	18	18	19	98/99
1999	17	17	19	99/00
2000	18	18	19	00/01
2001	16	15	18	01/02
2002	16	16	18	02/03
2003	15	15	18	03/04
2004	16	15	17	04/05
2005	15	15	18	05/06
2006	16	16	18	06/07
2007	16	15	18	07/08
Children				
1991	26	26	27	90/91*
1992	28	27	28	91/92*
1993	26	26	29	92/93*
1994	25	25	25	94/95
1995	22	21	24	95/96
1996	23	24	27	96/97
1997	24	25	27	97/98
1998	26	27	26	98/99
1999	24	24	26	99/00
2000	23	23	23	00/01
2001	20	21	23	01/02
2002	21	22	23	02/03
2003	17	18	22	03/04
2004	18	18	21	04/05
2005	18	19	22	05/06
2006	19	20	22	06/07
2007	18	19	23	07/08

Notes:

1. Some of the BHPS figures presented in the table above have seen small revisions since their publication in the last Low Income Dynamics report. This is due to changes to the base dataset made by the data providers.

2. HBAI data is taken from the FRS and represents a financial year unless denoted by a '*', in which case it is taken from the FES and represents two calendar years combined. The HBAI series differs from the BHPS series due to methodological and coverage differences. The HBAI figures are for the UK from 1998/99 and use OECD equivalisation factors. Council tax payments are deducted from income in the HBAI series but not in the BHPS series.

Table 2 (BHC) cont: Comparison of FES/FRS based estimates of the percentage of individuals below 60% median household income at a point in time and their BHPS equivalents¹

BHPS			FES/FRS	
BHPS year	longitudinal weights	cross-sectional weights	HBAI official series ²	FES/FRS year
Working-Age adults				
1991	13	13	15	90/91*
1992	14	14	16	91/92*
1993	13	14	16	92/93*
1994	12	13	15	94/95
1995	12	12	14	95/96
1996	12	12	15	96/97
1997	12	12	15	97/98
1998	12	12	15	98/99
1999	12	12	15	99/00
2000	12	13	15	00/01
2001	12	11	15	01/02
2002	12	12	15	02/03
2003	12	12	15	03/04
2004	12	12	14	04/05
2005	11	12	15	05/06
2006	13	13	15	06/07
2007	13	13	15	07/08
Pensioners				
1991	29	29	37	90/91*
1992	24	24	32	91/92*
1993	25	24	28	92/93*
1994	24	23	24	94/95
1995	26	25	24	95/96
1996	26	25	25	96/97
1997	23	23	25	97/98
1998	26	26	27	98/99
1999	25	25	25	99/00
2000	27	27	25	00/01
2001	22	21	25	01/02
2002	22	22	24	02/03
2003	24	24	23	03/04
2004	22	22	21	04/05
2005	22	21	21	05/06
2006	19	19	23	06/07
2007	20	20	23	06/08

Notes:

1. Some of the BHPS figures presented in the table above have seen small revisions since their publication in the last Low Income Dynamics report. This is due to changes to the base dataset made by the data providers.

2. HBAI data is taken from the FRS and represents a financial year unless denoted by a '*', in which case it is taken from the FES and represents two calendar years combined. The HBAI series differs from the BHPS series due to methodological and coverage differences. The HBAI figures are for the UK from 1998/99 and use OECD equivalisation factors. Council tax payments are deducted from income in the HBAI series but not in the BHPS series.

Table 2 (AHC): Comparison of FES/FRS based estimates of the percentage of individuals below 60 per cent median household income at a point in time and their BHPS equivalents

Table 2 (AHC): Comparison of FES/FRS based estimates of the percentage of individuals below 60% median household income at a point in time and their BHPS equivalents¹

BHPS			FES/FRS	
BHPS year	longitudinal weights	cross-sectional weights	HBAI official series ²	FES/FRS year
All individuals				
1991	21	21	25	90/91*
1992	22	22	25	91/92*
1993	21	22	26	92/93*
1994	21	21	24	94/95
1995	20	20	24	95/96
1996	20	21	25	96/97
1997	21	21	24	97/98
1998	21	21	24	98/99
1999	20	21	24	99/00
2000	20	20	23	00/01
2001	18	18	23	01/02
2002	18	19	22	02/03
2003	18	18	21	03/04
2004	18	18	21	04/05
2005	17	17	22	05/06
2006	17	16	22	06/07
2007	18	17	23	07/08
Children				
1991	30	30	32	90/91*
1992	33	33	33	91/92*
1993	30	31	34	92/93*
1994	31	31	33	94/95
1995	28	28	33	95/96
1996	30	30	34	96/97
1997	31	30	33	97/98
1998	31	31	34	98/99
1999	29	29	33	99/00
2000	28	28	31	00/01
2001	26	26	31	01/02
2002	25	26	30	02/03
2003	22	23	29	03/04
2004	25	24	28	04/05
2005	24	24	30	05/06
2006	24	24	30	06/07
2007	25	24	31	07/08

Notes:

1. Some of the BHPS figures presented in the table above have seen small revisions since their publication in the last Low Income Dynamics report. This is due to changes to the base dataset made by the data providers.

2. HBAI data is taken from the FRS and represents a financial year unless denoted by a '*', in which case it is taken from the FES and represents two calendar years combined. The HBAI series differs from the BHPS series due to methodological and coverage differences. The HBAI figures are for the UK from 1998/99 and use OECD equivalisation factors. Council tax payments are deducted from income in the HBAI series but not in the BHPS series.

Table 2 (AHC) cont: Comparison of FES/FRS based estimates of the percentage of individuals below 60% median household income at a point in time and their BHPS equivalents¹

BHPS			FES/FRS	
BHPS year	longitudinal weights	cross-sectional weights	HBAI official series ²	FES/FRS year
Working-Age adults				
1991	16	16	18	90/91*
1992	18	18	20	91/92*
1993	17	17	20	92/93*
1994	16	17	20	94/95
1995	15	15	20	95/96
1996	15	16	21	96/97
1997	16	16	20	97/98
1998	15	15	19	98/99
1999	15	15	20	99/00
2000	15	15	19	00/01
2001	15	14	19	01/02
2002	15	15	19	02/03
2003	14	14	19	03/04
2004	15	15	19	04/05
2005	14	15	20	05/06
2006	15	15	20	06/07
2007	16	16	21	07/08
Pensioners				
1991	29	29	37	90/91*
1992	25	25	34	91/92*
1993	26	25	32	92/93*
1994	24	24	28	94/95
1995	26	26	28	95/96
1996	27	26	29	96/97
1997	26	27	29	97/98
1998	28	28	29	98/99
1999	27	27	28	99/00
2000	27	27	26	00/01
2001	21	21	26	01/02
2002	22	22	24	02/03
2003	23	22	21	03/04
2004	19	19	18	04/05
2005	18	17	17	05/06
2006	12	12	19	06/07
2007	14	15	18	07/08

Notes:

1. Some of the BHPS figures presented in the table above have seen small revisions since their publication in the last Low Income Dynamics report. This is due to changes to the base dataset made by the data providers.

2. HBAI data is taken from the FRS and represents a financial year unless denoted by a '*', in which case it is taken from the FES and represents two calendar years combined. The HBAI series differs from the BHPS series due to methodological and coverage differences. The HBAI figures are for the UK from 1998/99 and use OECD equivalisation factors. Council tax payments are deducted from income in the HBAI series but not in the BHPS series.

Table 3.1: Where in the income distribution individuals spent the majority of their time relative to 1991, over the period 1991-2007

Table 3.1 (BHC): Where in the income distribution individuals spent the majority of their time relative to 1991, over the period 1991-2007

	Source: BHPS 1991-2007					
	Bottom Quintile	Second Quintile	Original position in 1991		Top Quintile	All individuals
			Third Quintile	Fourth Quintile		
All years in the same quintile as 1991	4	0	1	0	10	3
Majority of years in same quintile as 1991	42	26	17	23	41	30
Majority of years above 1991 quintile	54	39	31	17	...	28
Majority of years below 1991 quintile	...	13	28	40	49	26
None of the above	...	21	24	20	...	13
All individuals	100	100	100	100	100	100

Table 3.1 (AHC): Where in the income distribution individuals spent the majority of their time relative to 1991, over the period 1991-2007

	Source: BHPS 1991-2007					
	Bottom Quintile	Second Quintile	Original position in 1991		Top Quintile	All individuals
			Third Quintile	Fourth Quintile		
All years in the same quintile as 1991	2	0	0	0	8	2
Majority of years in same quintile as 1991	43	23	16	22	39	29
Majority of years above 1991 quintile	55	44	30	16	...	29
Majority of years below 1991 quintile	...	10	32	40	53	27
None of the above	...	22	21	21	...	13
All individuals	100	100	100	100	100	100

Notes:

1. The "Majority of years in same quintile as 1991" row means nine or more years out of seventeen in the same quintile as 1991 but does not include those in the "All years in original/final quintile" row.
2. 'None of the above' implies that the individual has neither remained in the same quintile as the original, nor been in a higher or lower quintile for nine of the seventeen BHPS years. For example, a possible combination matching this criteria for respondents over the seventeen years is (6, 6, 5) in any order for (lower quintile, original quintile, higher quintile). When there are an odd number of BHPS years, 'none of the above' is impossible for the top and bottom quintiles.

Table 3.2: Where in the income distribution individuals spent the majority of their time relative to 1991, over the period 1991-1998

Table 3.2 (BHC): Where in the income distribution individuals spent the majority of their time relative to 1991, over the period 1991-1998

Source: BHPS 1991-1998						
	Bottom Quintile	Second Quintile	Original position in 1991		Top Quintile	All individuals
			Third Quintile	Fourth Quintile		
All years in the same quintile as 1991	18	4	3	4	27	11
Majority of years in same quintile as 1991	35	31	27	31	31	31
Majority of years above 1991 quintile	36	24	18	11	...	18
Majority of years below 1991 quintile	...	12	20	25	31	18
None of the above	11	29	31	29	11	22
All individuals	100	100	100	100	100	100

Table 3.2 (AHC): Where in the income distribution individuals spent the majority of their time relative to 1991, over the period 1991-1998

Source: BHPS 1991-1998						
	Bottom Quintile	Second Quintile	Original position in 1991		Top Quintile	All individuals
			Third Quintile	Fourth Quintile		
All years in the same quintile as 1991	16	4	3	3	22	10
Majority of years in same quintile as 1991	37	28	23	27	33	30
Majority of years above 1991 quintile	36	28	19	12	...	19
Majority of years below 1991 quintile	...	11	21	31	32	19
None of the above	11	29	35	27	13	23
All individuals	100	100	100	100	100	100

Notes:

1. The "Majority of years in same quintile as 1991" row means five or more years out of eight in the same quintile as 1991 but does not include those in the "All years in original/final quintile" row.
2. 'None of the above' implies that the individual has neither remained in the same quintile as the original, nor been in a higher or lower quintile for four of the eight BHPS years. For example, a possible combination matching this criteria for respondents over the eight years is (3, 3, 2) in any order for (lower quintile, original quintile, higher quintile). When there are an odd number of BHPS years, 'none of the above' is impossible for the top and bottom quintiles.

Table 3.3: Where in the income distribution individuals spent the majority of their time relative to 2000, over the period 2000-2007

Table 3.3 (BHC): Where in the income distribution individuals spent the majority of their time relative to 2000, over the period 2000-2007

Source: BHPS 2000-2007						
	Bottom Quintile	Second Quintile	Original position in 2000		Top Quintile	All individuals
			Third Quintile	Fourth Quintile		
All years in the same quintile as 2000	17	4	4	5	28	12
Majority of years in same quintile as 2000	33	31	26	30	29	30
Majority of years above 2000 quintile	38	23	19	12	...	18
Majority of years below 2000 quintile	...	10	22	24	33	18
None of the above	12	32	30	29	10	23
All individuals	100	100	100	100	100	100

Table 3.3 (AHC): Where in the income distribution individuals spent the majority of their time relative to 2000, over the period 2000-2007

Source: BHPS 2000-2007						
	Bottom Quintile	Second Quintile	Original position in 2000		Top Quintile	All individuals
			Third Quintile	Fourth Quintile		
All years in the same quintile as 2000	12	3	3	5	25	10
Majority of years in same quintile as 2000	34	29	22	28	31	29
Majority of years above 2000 quintile	39	25	20	11	...	19
Majority of years below 2000 quintile	...	10	21	26	35	18
None of the above	15	32	34	30	9	24
All individuals	100	100	100	100	100	100

Notes:

1. The "Majority of years in same quintile as 2000" row means five or more years out of eight in the same quintile as 2000 but does not include those in the "All years in original/final quintile" row.
2. 'None of the above' implies that the individual has neither remained in the same quintile as the original, nor been in a higher or lower quintile for four of the eight BHPS years. For example, a possible combination matching this criteria for respondents over the eight years is (3, 3, 2) in any order for (lower quintile, original quintile, higher quintile). When there are an odd number of BHPS years, 'none of the above' is impossible for the top and bottom quintiles.

Table 4.1: Position of individuals in the income distribution by quintile in 2007 in relation to 1991

Table 4.1 (BHC): Position of individuals in the income distribution by quintile in 2007 in relation to 1991

Percentage of individuals	Source: BHPS 1991-2007				
	Position in 1991				
	Bottom Quintile	Second Quintile	Third Quintile	Fourth Quintile	Top Quintile
Position in 2007					
Bottom quintile	39	23	16	11	11
Second quintile	26	25	20	17	12
Third quintile	16	19	24	23	17
Fourth quintile	11	19	23	25	23
Top quintile	8	13	18	24	37
Total	100	100	100	100	100

Table 4.1 (AHC): Position of individuals in the income distribution by quintile in 2007 in relation to 1991

Percentage of individuals	Source: BHPS 1991-2007				
	Position in 1991				
	Bottom Quintile	Second Quintile	Third Quintile	Fourth Quintile	Top Quintile
Position in 2007					
Bottom quintile	37	23	16	12	12
Second quintile	27	22	22	17	12
Third quintile	16	24	21	22	16
Fourth quintile	12	16	22	25	24
Top quintile	7	14	18	24	37
Total	100	100	100	100	100

Table 6.1 (BHC): Persistent low income by group (Opportunity for all indicators)

Table 6.1 (BHC): Persistent low income by group (Opportunity for all indicators)^{1,2}

Source: BHPS 1991-2007				
	Percentage of group below threshold in at least 3 out of 4 years			
	OFA definition		Alternative definition ³	
	Below 60% of median	Below 70% of median	In bottom 20 per cent	In bottom 30 per cent
All individuals				
1991 to 1994	12	20	14	24
1992 to 1995	12	20	14	24
1993 to 1996	11	20	14	24
1994 to 1997	12	20	15	24
1995 to 1998	11	20	14	24
1996 to 1999	12	20	15	24
1997 to 2000	12	20	14	24
1998 to 2001	12	19	14	24
1999 to 2002	11	19	14	24
2000 to 2003	10	19	14	24
2001 to 2004	10	19	14	24
2002 to 2005	9	17	13	23
2003 to 2006	8	17	13	23
2004 to 2007	8	17	13	23
Change between last two periods	0	0	0	0
Children				
1991 to 1994	19	29	22	33
1992 to 1995	18	28	21	32
1993 to 1996	17	27	20	33
1994 to 1997	17	27	21	32
1995 to 1998	17	28	20	32
1996 to 1999	17	28	21	33
1997 to 2000	17	27	21	32
1998 to 2001	17	26	21	32
1999 to 2002	16	27	19	32
2000 to 2003	14	25	18	31
2001 to 2004	12	23	17	30
2002 to 2005	11	21	15	29
2003 to 2006	10	20	15	27
2004 to 2007	10	21	16	27
Change between last two periods	0	1	0	1

Notes:

1. Some of the figures presented in the table above have seen revisions since their publication in the last (2007/08) HBAI report. This is due to changes to the base dataset made by the data providers.
2. Figures may not sum due to rounding.
3. There is a higher density of individuals around 60% and 70% median income. The alternative definition is presented for validation purposes as it presents estimates that are not vulnerable to errors in measuring median income.

Table 6.1 (BHC) cont: Persistent low income by group (Opportunity for all indicators)^{1,2}

Source: BHPS 1991-2007

	Percentage of group below threshold in at least 3 out of 4 years			
	OFA definition		Alternative definition ³	
	Below 60% of median	Below 70% of median	In bottom 20 per cent	In bottom 30 per cent
Working-age adults				
1991 to 1994	8	13	9	15
1992 to 1995	8	13	9	16
1993 to 1996	7	13	9	16
1994 to 1997	7	12	9	16
1995 to 1998	7	13	9	16
1996 to 1999	7	13	9	16
1997 to 2000	7	12	9	15
1998 to 2001	7	12	8	15
1999 to 2002	7	12	8	15
2000 to 2003	6	12	8	16
2001 to 2004	6	12	9	16
2002 to 2005	6	11	9	15
2003 to 2006	5	11	8	15
2004 to 2007	5	11	9	16
Change between last two periods	0	0	0	1
Pensioners				
1991 to 1994	19	37	23	43
1992 to 1995	19	35	24	43
1993 to 1996	19	34	25	43
1994 to 1997	21	35	26	43
1995 to 1998	20	36	25	43
1996 to 1999	20	36	26	42
1997 to 2000	20	38	26	45
1998 to 2001	21	37	27	44
1999 to 2002	19	37	25	44
2000 to 2003	18	36	25	43
2001 to 2004	17	36	25	44
2002 to 2005	16	32	24	42
2003 to 2006	16	31	24	41
2004 to 2007	14	29	23	39
Change between last two periods	-2	-2	-1	-2

Notes:

1. Some of the figures presented in the table above have seen revisions since their publication in the last (2007/08) HBAI report. This is due to changes to the base dataset made by the data providers.
2. Figures may not sum due to rounding.
3. There is a higher density of individuals around 60% and 70% median income. The alternative definition is presented for validation purposes as it presents estimates that are not vulnerable to errors in measuring median income.

Table 6.1 (AHC): Persistent low income by group (Opportunity for all indicators)

Table 6.1 (AHC): Persistent low income by group (Opportunity for all indicators)^{1,2}

Source: BHPS 1991-2007				
	Percentage of group below threshold in at least 3 out of 4 years			
	OFA definition		Alternative definition ³	
	Below 60% of median	Below 70% of median	In bottom 20 per cent	In bottom 30 per cent
All individuals				
1991 to 1994	15	22	14	23
1992 to 1995	15	23	14	24
1993 to 1996	14	22	14	24
1994 to 1997	15	22	15	24
1995 to 1998	15	22	14	24
1996 to 1999	15	21	14	24
1997 to 2000	14	21	14	24
1998 to 2001	14	21	14	24
1999 to 2002	13	21	13	24
2000 to 2003	12	21	13	24
2001 to 2004	11	20	13	24
2002 to 2005	11	19	13	22
2003 to 2006	9	18	13	23
2004 to 2007	10	18	12	23
Change between last two periods	0	0	-1	0
Children				
1991 to 1994	25	32	23	34
1992 to 1995	23	32	22	33
1993 to 1996	22	31	22	33
1994 to 1997	23	31	22	33
1995 to 1998	23	31	22	34
1996 to 1999	23	31	23	33
1997 to 2000	22	30	22	33
1998 to 2001	21	30	22	34
1999 to 2002	20	30	21	34
2000 to 2003	17	28	19	33
2001 to 2004	15	27	19	32
2002 to 2005	16	26	19	31
2003 to 2006	14	24	19	31
2004 to 2007	15	26	19	32
Change between last two periods	1	2	0	0

Notes:

1. Some of the figures presented in the table above have seen revisions since their publication in the last (2007/08) HBAI report. This is due to changes to the base dataset made by the data providers.
2. Figures may not sum due to rounding.
3. There is a higher density of individuals around 60% and 70% median income. The alternative definition is presented for validation purposes as it presents estimates that are not vulnerable to errors in measuring median income.

Table 6.1 (AHC) cont: Persistent low income by group (Opportunity for all indicators)^{1,2}

Source: BHPS 1991-2007

	Percentage of group below threshold in at least 3 out of 4 years			
	OFA definition		Alternative definition ³	
	Below 60% of median	Below 70% of median	In bottom 20 per cent	In bottom 30 per cent
Working-age adults				
1991 to 1994	10	14	9	16
1992 to 1995	10	16	10	17
1993 to 1996	10	15	10	16
1994 to 1997	10	14	10	16
1995 to 1998	10	14	9	17
1996 to 1999	9	14	9	16
1997 to 2000	9	14	9	16
1998 to 2001	9	14	9	16
1999 to 2002	8	14	9	16
2000 to 2003	8	14	9	17
2001 to 2004	8	13	9	16
2002 to 2005	8	13	9	16
2003 to 2006	7	13	9	17
2004 to 2007	7	13	9	17
Change between last two periods	0	1	0	0
Pensioners				
1991 to 1994	21	36	17	38
1992 to 1995	20	36	17	39
1993 to 1996	19	35	18	38
1994 to 1997	21	35	20	40
1995 to 1998	23	34	22	38
1996 to 1999	23	34	22	37
1997 to 2000	23	35	22	38
1998 to 2001	22	35	23	38
1999 to 2002	18	34	20	38
2000 to 2003	17	33	20	37
2001 to 2004	16	31	20	37
2002 to 2005	14	27	17	33
2003 to 2006	11	24	16	32
2004 to 2007	9	20	12	29
Change between last two periods	-2	-4	-4	-3

Notes:

1. Some of the figures presented in the table above have seen revisions since their publication in the last (2007/08) HBAI report. This is due to changes to the base dataset made by the data providers.

2. Figures may not sum due to rounding.

3. There is a higher density of individuals around 60% and 70% median income. The alternative definition is presented for validation purposes as it presents estimates that are not vulnerable to errors in measuring median income.

Table 6.2 (BHC): Persistent low income by disability status

Table 6.2 (BHC): Persistent low income by disability¹ status^{2,3}

Source: BHPS 1991-2007

	Percentage of group below threshold in at least 3 out of 4 years			
	OFA definition		Alternative definition ⁴	
	Below 60% of median	Below 70% of median	In bottom 20 per cent	In bottom 30 per cent
All disabled adults				
1991 to 1994	15	28	18	32
1992 to 1995	15	27	19	33
1993 to 1996	15	27	19	33
1994 to 1997	16	26	20	33
1995 to 1998	15	27	20	34
1996 to 1999	14	25	18	30
1997 to 2000	15	25	18	31
1998 to 2001	15	25	18	31
1999 to 2002	13	24	17	30
2000 to 2003	15	27	20	34
2001 to 2004	13	25	19	32
2002 to 2005	12	23	18	30
2003 to 2006	12	22	18	29
2004 to 2007	11	21	17	30
Change between last two periods	0	-1	0	0
All non disabled adults				
1991 to 1994	8	14	9	17
1992 to 1995	8	14	10	17
1993 to 1996	8	14	10	17
1994 to 1997	8	14	10	17
1995 to 1998	8	14	10	17
1996 to 1999	8	14	10	17
1997 to 2000	7	13	9	16
1998 to 2001	7	13	9	17
1999 to 2002	7	13	9	17
2000 to 2003	7	13	9	17
2001 to 2004	6	12	9	16
2002 to 2005	6	12	9	16
2003 to 2006	6	12	8	16
2004 to 2007	5	11	8	16
Change between last two periods	-1	0	0	0

Notes:

1. A person is defined as disabled if their health limits the type of work or the amount of work they can do.
2. Some of the figures presented in the table above have seen small revisions since their publication in the last Low Income Dynamics report. This is due to changes to the base dataset made by the data providers.
3. Figures may not sum due to rounding.
4. There is a higher density of individuals around 60% and 70% median income. The alternative definition is presented for validation purposes as it presents estimates that are not vulnerable to errors in measuring median income.

Table 6.2 (AHC): Persistent low income by disability status

Table 6.2 (AHC): Persistent low income by disability¹ status^{2,3}

Source: BHPS 1991-2007

	Percentage of group below threshold in at least 3 out of 4 years			
	OFA definition		Alternative definition ⁴	
	Below 60% of median	Below 70% of median	In bottom 20 per cent	In bottom 30 per cent
All disabled adults				
1991 to 1994	18	28	15	30
1992 to 1995	18	30	16	32
1993 to 1996	18	29	17	32
1994 to 1997	19	28	18	31
1995 to 1998	19	28	18	31
1996 to 1999	17	26	17	28
1997 to 2000	17	26	17	29
1998 to 2001	17	26	17	29
1999 to 2002	14	25	16	29
2000 to 2003	16	27	18	31
2001 to 2004	14	25	16	29
2002 to 2005	12	22	15	27
2003 to 2006	10	20	14	27
2004 to 2007	10	19	13	26
Change between last two periods	0	-1	-1	-1
All non disabled adults				
1991 to 1994	11	15	9	17
1992 to 1995	10	16	10	17
1993 to 1996	10	16	10	17
1994 to 1997	10	16	10	17
1995 to 1998	10	15	10	17
1996 to 1999	10	15	10	17
1997 to 2000	9	14	9	16
1998 to 2001	8	14	9	16
1999 to 2002	8	14	9	17
2000 to 2003	7	14	8	17
2001 to 2004	7	13	8	16
2002 to 2005	7	13	9	16
2003 to 2006	7	12	9	16
2004 to 2007	6	13	8	16
Change between last two periods	0	0	-1	0

Notes:

1. A person is defined as disabled if their health limits the type of work or the amount of work they can do.
2. Some of the figures presented in the table above have seen small revisions since their publication in the last Low Income Dynamics report. This is due to changes to the base dataset made by the data providers.
3. Figures may not sum due to rounding.
4. There is a higher density of individuals around 60% and 70% median income. The alternative definition is presented for validation purposes as it presents estimates that are not vulnerable to errors in measuring median income.

Table 7.1 (BHC): Composition of persistent low-income groups of individuals by characteristics of family or household

Table 7.1 (BHC): Composition of persistent low-income groups of individuals by characteristics of family or household¹

Percentage of individuals	Source: BHPS 1991-2007											
	3 years out of 4 years below threshold											
	Below 60% median				Below 70% median				Whole population ²			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
GENDER AND ADULTHOOD												
Children	36	33	30	30	32	31	29	30	22	22	22	24
Men	23	24	26	27	24	24	28	28	36	36	36	35
Women	42	43	44	43	45	44	44	42	41	42	42	41
FAMILY TYPE												
Pensioner Couple	11	15	16	16	12	14	18	19	9	9	10	11
Single Pensioner	15	16	17	16	19	18	16	13	8	8	8	8
<i>of which</i>												
Male	2	2	3	4	3	2	3	3	2	2	2	2
Female	13	14	14	12	16	15	13	10	7	7	6	6
Couple with children	39	35	31	30	37	36	33	32	39	38	36	37
Couple without children	5	5	8	7	6	6	8	7	22	21	21	21
Single with children ³	22	20	18	18	19	18	16	17	7	7	8	7
Single without children	7	8	10	13	8	8	9	12	15	16	17	16
<i>of which</i>												
Male	4	5	5	7	4	4	5	6	9	9	10	9
Female	3	4	5	6	4	4	4	6	6	7	7	7
EDUCATIONAL QUALIFICATIONS (adults)⁴												
Above A-level	7	10	16	19	7	11	15	23	25	31	41	47
A-level or below	33	35	35	35	33	36	37	38	41	41	36	34
No qualification	60	55	49	47	60	53	47	40	33	28	23	20
TYPE OF TENURE												
Owner-occupied	41	44	53	58	42	44	54	58	71	71	75	76
Social rented	51	46	37	38	50	45	37	34	22	20	17	16
Private rented	8	10	10	4	8	10	9	7	7	8	8	8
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	8	7	5	8	10	9	9	11	33	30	33	33
Couple, one employed, one workless	14	13	17	21	15	17	22	24	24	26	26	26
Workless	43	45	35	31	36	39	28	26	13	14	11	11
Pensioner	24	28	30	28	28	29	31	28	13	14	15	15
Self-employed	11	7	13	13	11	7	11	10	16	15	15	15
Whole population	100	100	100	100	100	100	100	100	100	100	100	100

Notes

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. People are classified according to their circumstances in the first year of the relevant four-year period.
2. The 'whole population' columns are included to aid comparisons as changes in population composition over time are likely to affect the composition of those in low-income.
3. Lone parents have not been disaggregated by gender as sample sizes are too small.
4. Educational qualification is determined by the highest qualification held by any adult in the household.

Table 7.1 (BHC): Composition of persistent low-income groups of individuals by characteristics of family or household¹

Percentage of individuals	Source: BHPS 1991-2007											
	3 years out of 4 years located in the								Whole population ²			
	Bottom 20 per cent				Bottom 30 per cent							
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
GENDER AND ADULTHOOD												
Children	34	31	29	29	31	30	28	29	22	22	22	24
Men	23	25	27	29	24	26	29	29	36	36	36	35
Women	42	44	44	42	45	45	43	42	41	42	42	41
FAMILY TYPE												
Pensioner Couple	12	14	18	19	12	14	17	18	9	9	10	11
Single Pensioner	16	17	16	14	19	18	16	13	8	8	8	8
<i>of which</i>												
Male	2	3	3	3	3	3	4	3	2	2	2	2
Female	14	15	13	11	16	15	12	10	7	7	6	6
Couple with children	37	34	32	31	36	36	34	33	39	38	36	37
Couple without children	5	6	7	6	6	7	9	8	22	21	21	21
Single with children ³	22	19	16	16	18	16	15	15	7	7	8	7
Single without children	7	9	10	13	8	9	9	12	15	16	17	16
<i>of which</i>												
Male	4	5	5	7	4	5	5	6	9	9	10	9
Female	3	4	5	6	4	4	4	6	6	7	7	7
EDUCATIONAL QUALIFICATIONS (adults)⁴												
Above A-level	7	11	14	21	7	12	16	24	25	31	41	47
A-level or below	33	35	38	36	34	37	38	37	41	41	36	34
No qualification	60	55	48	42	59	51	46	39	33	28	23	20
TYPE OF TENURE												
Owner-occupied	42	43	55	58	43	45	55	58	71	71	75	76
Social rented	50	47	36	36	49	45	36	34	22	20	17	16
Private rented	8	10	9	6	8	11	9	8	7	8	8	8
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	8	6	6	11	11	10	12	13	33	30	33	33
Couple, one employed, one workless	14	15	20	21	17	17	22	23	24	26	26	26
Workless	41	44	31	28	33	36	25	24	13	14	11	11
Pensioner	25	29	31	29	28	28	29	28	13	14	15	15
Self-employed	12	6	12	10	10	8	11	11	16	15	15	15
Whole population	100	100	100	100	100	100	100	100	100	100	100	100

Notes

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. People are classified according to their circumstances in the first year of the relevant four-year period.
2. The 'whole population' columns are included to aid comparisons as changes in population composition over time are likely to affect the composition of those in low-income.
3. Lone parents have not been disaggregated by gender as sample sizes are too small.
4. Educational qualification is determined by the highest qualification held by any adult in the household.

Table 7.1 (AHC): Composition of persistent low-income groups of individuals by characteristics of family or household

Table 7.1 (AHC): Composition of persistent low-income groups of individuals by characteristics of family or household¹

Percentage of individuals	Source: BHPS 1991-2007											
	3 years out of 4 years below threshold											
	Below 60% median				Below 70% median				Whole population ²			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
GENDER AND ADULTHOOD												
Children	36	34	33	37	32	32	30	35	22	22	22	24
Men	22	22	25	25	24	24	26	26	36	36	36	35
Women	41	44	42	38	43	44	43	39	41	42	42	41
FAMILY TYPE												
Pensioner Couple	9	10	13	9	10	11	15	11	9	9	10	11
Single Pensioner	14	17	15	9	18	17	14	10	8	8	8	8
<i>of which</i>												
Male	2	2	3	1	2	3	3	2	2	2	2	2
Female	13	15	12	7	15	14	12	8	7	7	6	6
Couple with children	42	37	36	41	40	38	36	42	39	38	36	37
Couple without children	5	5	7	7	5	7	8	8	22	21	21	21
Single with children ³	22	22	19	20	18	18	17	17	7	7	8	7
Single without children	8	10	10	14	9	10	10	12	15	16	17	16
<i>of which</i>												
Male	4	5	6	8	5	5	5	7	9	9	10	9
Female	3	5	5	6	4	5	5	5	6	7	7	7
EDUCATIONAL QUALIFICATIONS (adults)⁴												
Above A-level	8	13	16	26	8	13	18	26	25	31	41	47
A-level or below	35	35	35	38	34	37	37	39	41	41	36	34
No qualification	57	52	48	35	58	50	45	35	33	28	23	20
TYPE OF TENURE												
Owner-occupied	32	30	42	47	38	37	47	51	71	71	75	76
Social rented	58	56	44	43	54	50	42	39	22	20	17	16
Private rented	10	14	14	10	8	13	11	10	7	8	8	8
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	9	8	6	11	11	11	11	14	33	30	33	33
Couple, one employed, one workless	16	15	19	22	18	17	23	26	24	26	26	26
Workless	41	45	34	35	34	38	27	27	13	14	11	11
Pensioner	22	25	25	14	26	26	26	18	13	14	15	15
Self-employed	12	8	15	18	11	9	13	14	16	15	15	15
Whole population	100	100	100	100	100	100	100	100	100	100	100	100

Notes

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. People are classified according to their circumstances in the first year of the relevant four-year period.
2. The 'whole population' columns are included to aid comparisons as changes in population composition over time are likely to affect the composition of those in low-income.
3. Lone parents have not been disaggregated by gender as sample sizes are too small.
4. Educational qualification is determined by the highest qualification held by any adult in the household.

Table 7.1 (AHC): Composition of persistent low-income groups of individuals by characteristics of family or household¹

Percentage of individuals	Source: BHPS 1991-2007											
	3 years out of 4 years located in the								Whole population ²			
	Bottom 20 per cent				Bottom 30 per cent							
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
GENDER AND ADULTHOOD												
Children	38	34	33	37	32	31	31	34	22	22	22	24
Men	22	22	25	25	25	25	27	27	36	36	36	35
Women	40	44	42	38	43	44	42	39	41	42	42	41
FAMILY TYPE												
Pensioner Couple	8	10	14	10	10	12	15	13	9	9	10	11
Single Pensioner <i>of which</i>	12	17	15	8	17	16	14	10	8	8	8	8
Male	1	2	3	1	2	2	3	2	2	2	2	2
Female	11	15	13	7	15	13	11	8	7	7	6	6
Couple with children	44	36	35	41	41	39	37	42	39	38	36	37
Couple without children	5	5	7	7	5	7	8	8	22	21	21	21
Single with children ³	23	22	19	20	17	17	16	16	7	7	8	7
Single without children <i>of which</i>	8	10	10	14	9	10	10	12	15	16	17	16
Male	5	5	5	8	5	5	5	7	9	9	10	9
Female	4	5	4	6	4	5	5	5	6	7	7	7
EDUCATIONAL QUALIFICATIONS (adults)⁴												
Above A-level	8	13	17	26	8	13	18	27	25	31	41	47
A-level or below	36	35	35	39	35	37	38	37	41	41	36	34
No qualification	55	52	48	35	57	50	44	36	33	28	23	20
TYPE OF TENURE												
Owner-occupied	33	30	44	49	39	39	49	54	71	71	75	76
Social rented	58	56	43	40	52	48	41	36	22	20	17	16
Private rented	9	14	13	11	9	13	11	11	7	8	8	8
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	9	8	7	13	12	12	13	15	33	30	33	33
Couple, one employed, one workless	16	15	19	24	19	18	24	25	24	26	26	26
Workless	43	45	32	33	33	36	25	24	13	14	11	11
Pensioner	19	25	27	15	25	25	25	21	13	14	15	15
Self-employed	13	8	15	15	12	9	12	14	16	15	15	15
Whole population³	100	100	100	100	100	100	100	100	100	100	100	100

Notes

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. People are classified according to their circumstances in the first year of the relevant four-year period.

2. The 'whole population' columns are included to aid comparisons as changes in population composition over time are likely to affect the composition of those in low-income.

3. Lone parents have not been disaggregated by gender as sample sizes are too small.

4. Educational qualification is determined by the highest qualification held by any adult in the household.

Table 7.2 (BHC): Composition of persistent low-income groups of children by characteristics of family or household

Table 7.2 (BHC): Composition of persistent low-income groups of children by characteristics of family or household¹

Percentage of children	Source: BHPS 1991-2007											
	3 years out of 4 years below threshold											
	Below 60% median				Below 70% median				All children ²			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
FAMILY TYPE												
Couple with children	60	62	59	58	62	65	63	59	82	81	79	80
Single with children	40	38	41	42	38	35	37	41	18	19	21	20
TYPE OF TENURE												
Owner-occupied	29	31	35	37	35	37	43	41	69	67	72	74
Rented	71	69	65	63	65	63	57	59	31	33	28	26
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	11	7	8	13	14	11	14	17	32	31	35	36
Couple, one employed, one workless	17	21	25	32	21	25	33	35	30	32	34	32
Workless	60	64	53	45	52	55	39	38	19	21	14	13
Self-employed	12	8	15	11	13	9	15	9	19	17	17	19
All Children	100	100	100	100	100	100	100	100	100	100	100	100

Table 7.2 (BHC): Composition of persistent low-income groups of children by characteristics of family or household¹

Percentage of children	Source: BHPS 1991-2007											
	3 years out of 4 years located in the											
	Bottom 20 per cent				Bottom 30 per cent				All children ²			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
FAMILY TYPE												
Couple with children	59	63	63	60	63	67	65	63	82	81	79	80
Single with children	41	37	37	40	37	33	35	37	18	19	21	20
TYPE OF TENURE												
Owner-occupied	30	31	40	40	38	37	46	45	69	67	72	74
Rented	70	69	60	60	62	63	54	55	31	33	28	26
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	11	7	8	18	16	14	19	20	32	31	35	36
Couple, one employed, one workless	18	21	30	34	23	26	33	35	30	32	34	32
Workless	58	63	45	40	47	50	34	34	19	21	14	13
Self-employed	13	8	16	8	13	10	14	12	19	17	17	19
All Children	100	100	100	100	100	100	100	100	100	100	100	100

Notes

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. Children are classified according to their circumstances in the first year of the relevant four-year period.

2. The 'all children' columns are included to aid comparisons as changes in children composition over time are likely to affect the composition of those in low-income.

Table 7.2 (AHC): Composition of persistent low-income groups of children by characteristics of family or household

Table 7.2 (AHC): Composition of persistent low-income groups of children by characteristics of family or household¹

Percentage of children	Source: BHPS 1991-2007											
	3 years out of 4 years below threshold											
	Below 60% median				Below 70% median				All children ²			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
FAMILY TYPE												
Couple with children	62	61	61	62	64	66	64	65	82	81	79	80
Single with children	38	39	39	38	36	34	36	35	18	19	21	20
TYPE OF TENURE												
Owner-occupied	33	30	39	43	38	35	44	47	69	67	72	74
Rented	67	70	61	57	62	65	56	53	31	33	28	26
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	12	9	9	14	15	13	16	19	32	31	35	36
Couple, one employed, one workless	19	21	28	25	23	24	31	33	30	32	34	32
Workless	56	61	45	44	49	52	37	34	19	21	14	13
Self-employed	14	9	18	17	13	11	16	14	19	17	17	19
All Children	100	100	100	100	100	100	100	100	100	100	100	100

Table 7.2 (AHC): Composition of persistent low-income groups of children by characteristics of family or household¹

Percentage of children	Source: BHPS 1991-2007											
	3 years out of 4 years located in the											
	Bottom 20 per cent				Bottom 30 per cent				All children ²			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
FAMILY TYPE												
Couple with children	62	60	61	62	66	67	65	68	82	81	79	80
Single with children	38	40	39	38	34	33	35	32	18	19	21	20
TYPE OF TENURE												
Owner-occupied	34	30	40	44	40	37	46	51	69	67	72	74
Rented	66	70	60	56	60	63	54	49	31	33	28	26
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	12	9	11	16	16	15	19	21	32	31	35	36
Couple, one employed, one workless	18	21	27	29	24	25	33	33	30	32	34	32
Workless	56	61	43	40	46	49	33	30	19	21	14	13
Self-employed	14	9	19	14	13	11	15	16	19	17	17	19
All Children	100	100	100	100	100	100	100	100	100	100	100	100

Notes

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. Children are classified according to their circumstances in the first year of the relevant four-year period.

2. The 'all children' columns are included to aid comparisons as changes in children composition over time are likely to affect the composition of those in low-income.

Table 8.1 (BHC): Risk of population groups experiencing persistent low-income for all individuals

Table 8.1 (BHC): Risk of population groups experiencing persistent low income for all individuals¹

Percentage of individuals	Source: BHPS 1991-2007							
	3 years out of 4 years below threshold							
	Below 60% median				Below 70% median			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
GENDER AND ADULTHOOD								
Children	19	17	14	10	29	28	25	21
Men	8	8	7	6	13	14	15	13
Women	12	12	11	9	22	21	20	17
FAMILY TYPE								
Pensioner Couple	15	18	16	12	28	30	33	30
Single Pensioner	23	23	21	17	46	43	39	27
<i>of which</i>								
Male	16	14	16	19	32	29	36	26
Female	25	25	23	16	49	46	40	27
Couple with children	12	11	9	7	19	19	18	14
Couple without children	3	3	4	3	6	6	8	5
Single with children ²	41	32	24	20	58	49	39	39
Single without children	6	6	6	6	10	11	11	12
<i>of which</i>								
Male	5	6	5	6	9	10	10	12
Female	6	6	7	7	13	12	12	13
EDUCATIONAL QUALIFICATIONS (adults)³								
Above A-level	3	3	4	3	5	6	7	7
A-level or below	8	9	9	8	14	16	19	18
No qualification	18	20	21	18	33	34	37	31
TYPE OF TENURE								
Owner-occupied	7	7	7	6	12	13	14	13
Social rented	28	26	22	20	46	44	41	36
Private rented	14	13	12	4	23	25	23	15
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	3	3	2	2	6	6	5	6
Couple, one employed, one workless	7	6	6	6	13	13	16	15
Workless	41	36	33	23	58	55	49	41
Pensioner	22	23	21	15	42	40	40	31
Self-employed	8	5	9	7	13	9	15	11
Whole population	12	11	10	8	20	20	19	17

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. People are classified according to their circumstances in the first year of the relevant four-year period.

2. Lone parents have not been disaggregated by gender as sample sizes are too small.

3. Educational qualification is determined by the highest qualification held by any adult in the household.

Table 8.1 (BHC): Risk of population groups experiencing persistent low income for all individuals¹

Percentage of individuals	Source: BHPS 1991-2007							
	3 years out of 4 located in the:							
	Bottom 20 per cent				Bottom 30 per cent			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
GENDER AND ADULTHOOD								
Children	22	20	18	16	33	32	31	27
Men	9	10	10	11	16	17	19	19
Women	14	15	14	13	26	26	25	24
FAMILY TYPE								
Pensioner Couple	19	22	24	23	34	36	40	39
Single Pensioner	27	30	27	23	54	52	47	38
<i>of which</i>								
Male	21	21	22	23	40	41	48	38
Female	29	32	28	22	58	54	47	38
Couple with children	13	13	12	11	22	23	23	20
Couple without children	3	4	5	4	7	8	10	9
Single with children ²	46	37	28	29	65	53	47	47
Single without children	7	8	8	11	13	14	13	17
<i>of which</i>								
Male	7	7	7	10	11	13	12	16
Female	7	9	9	11	15	16	14	17
EDUCATIONAL QUALIFICATIONS (adults)³								
Above A-level	3	4	4	6	6	9	9	11
A-level or below	10	11	13	13	17	20	24	24
No qualification	21	25	26	27	38	41	45	43
TYPE OF TENURE								
Owner-occupied	8	8	10	10	14	15	18	17
Social rented	32	33	28	29	53	53	50	50
Private rented	16	17	15	10	26	31	28	22
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	3	3	2	4	8	8	9	9
Couple, one employed, one workless	8	8	10	11	16	16	20	21
Workless	46	43	39	35	62	61	56	52
Pensioner	26	29	28	25	50	48	48	42
Self-employed	10	6	11	9	15	12	18	17
Whole population	14	14	14	13	24	24	24	23

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. People are classified according to their circumstances in the first year of the relevant four-year period.
2. Lone parents have not been disaggregated by gender as sample sizes are too small.
3. Educational qualification is determined by the highest qualification held by any adult in the household.

Table 8.1 (AHC): Risk of population groups experiencing persistent low-income for all individuals

Table 8.1 (AHC): Risk of population groups experiencing persistent low income for all individuals¹

Percentage of individuals	Source: BHPS 1991-2007							
	3 years out of 4 years below threshold							
	Below 60% median				Below 70% median			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
GENDER AND ADULTHOOD								
Children	25	23	17	15	32	31	28	26
Men	9	9	8	7	15	15	15	13
Women	15	16	12	9	23	23	21	17
FAMILY TYPE								
Pensioner Couple	15	15	14	8	26	26	30	19
Single Pensioner	27	31	21	10	47	44	36	22
<i>of which</i>								
Male	14	17	16	8	32	32	31	21
Female	30	34	22	11	50	47	37	22
Couple with children	16	14	12	11	22	21	20	20
Couple without children	4	3	4	3	5	7	7	6
Single with children ²	50	45	28	26	61	54	45	42
Single without children	8	9	7	8	12	13	12	13
<i>of which</i>								
Male	8	8	7	8	12	12	10	13
Female	8	10	8	8	13	15	15	13
EDUCATIONAL QUALIFICATIONS (adults)³								
Above A-level	4	5	4	4	6	8	8	9
A-level or below	11	11	10	9	16	18	19	18
No qualification	22	24	22	14	34	35	37	28
TYPE OF TENURE								
Owner-occupied	7	6	7	6	12	11	13	12
Social rented	40	40	29	26	54	53	49	44
Private rented	21	25	20	12	26	34	29	21
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	4	4	2	3	7	8	7	7
Couple, one employed, one workless	10	9	9	8	16	14	18	18
Workless	49	46	36	31	58	58	51	46
Pensioner	25	26	19	9	42	39	36	21
Self-employed	11	7	12	11	15	12	17	16
Whole population	15	15	12	10	22	22	21	18

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. People are classified according to their circumstances in the first year of the relevant four-year period.
2. Lone parents have not been disaggregated by gender as sample sizes are too small.
3. Educational qualification is determined by the highest qualification held by any adult in the household.

Table 8.1 (AHC): Risk of population groups experiencing persistent low income for all individuals¹

Percentage of individuals	Source: BHPS 1991-2007							
	3 years out of 4 located in the:							
	Bottom 20 per cent				Bottom 30 per cent			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
GENDER AND ADULTHOOD								
Children	23	22	19	19	34	34	33	32
Men	8	9	9	8	16	17	18	18
Women	13	15	13	11	24	25	25	22
FAMILY TYPE								
Pensioner Couple	13	15	17	11	28	30	34	28
Single Pensioner	21	29	24	13	49	46	40	30
<i>of which</i>								
Male	10	16	18	8	35	35	37	31
Female	23	32	26	14	52	49	41	29
Couple with children	15	14	13	13	24	24	25	25
Couple without children	3	3	4	4	6	8	9	8
Single with children ²	48	44	32	33	62	57	51	48
Single without children	7	9	8	10	14	15	15	16
<i>of which</i>								
Male	7	8	8	10	13	13	13	16
Female	8	10	8	10	15	17	17	16
EDUCATIONAL QUALIFICATIONS (adults)³								
Above A-level	4	5	5	6	6	9	10	12
A-level or below	10	11	11	12	17	20	23	22
No qualification	18	23	24	18	36	39	42	37
TYPE OF TENURE								
Owner-occupied	6	6	8	8	13	13	16	16
Social rented	37	39	32	31	56	56	56	52
Private rented	18	25	22	17	28	38	33	29
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	4	4	3	5	8	10	10	11
Couple, one employed, one workless	9	8	10	11	18	17	22	22
Workless	47	45	39	38	60	60	56	51
Pensioner	20	25	23	12	44	42	40	31
Self-employed	11	7	13	12	17	14	20	22
Whole population	14	14	13	12	23	24	24	23

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. People are classified according to their circumstances in the first year of the relevant four-year period.
2. Lone parents have not been disaggregated by gender as sample sizes are too small.
3. Educational qualification is determined by the highest qualification held by any adult in the household.

Table 8.2 (BHC): Risk of population groups experiencing persistent low-income for children

Table 8.2 (BHC): Risk of population groups experiencing persistent low income for children¹

Percentage of children	Source: BHPS 1991-2007							
	3 years out of 4 years below threshold							
	Below 60% median				Below 70% median			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
FAMILY TYPE								
Couple with children	14	13	10	7	22	23	20	15
Single with children	44	35	26	22	61	53	43	43
TYPE OF TENURE								
Owner-occupied	8	8	7	5	15	15	15	11
Rented	45	36	32	24	61	55	50	47
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	6	4	3	4	13	10	10	10
Couple, one employed, one workless	11	11	10	10	20	23	24	23
Workless	63	53	52	35	81	74	69	61
Self-employed	12	8	12	6	19	15	22	11
All children	19	17	14	10	29	28	25	21

Table 8.2 (BHC): Risk of population groups experiencing persistent low income for children¹

Percentage of children	Source: BHPS 1991-2007							
	3 years out of 4 located in the:							
	Bottom 20 per cent				Bottom 30 per cent			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
FAMILY TYPE								
Couple with children	16	15	14	12	25	27	25	21
Single with children	49	40	31	32	67	56	51	52
TYPE OF TENURE								
Owner-occupied	9	9	10	9	18	18	20	16
Rented	49	42	38	36	66	63	58	57
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	7	5	4	8	17	14	16	15
Couple, one employed, one workless	12	14	16	17	25	26	30	29
Workless	68	61	57	48	83	79	75	71
Self-employed	15	9	17	7	22	20	25	17
All children	22	20	18	16	33	32	31	27

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. Children are classified according to their circumstances in the first year of the relevant four-year period.

Table 8.2 (AHC): Risk of population groups experiencing persistent low-income for children

Table 8.2 (AHC): Risk of population groups experiencing persistent low income for children¹

Percentage of children	Source: BHPS 1991-2007							
	3 years out of 4 years below threshold							
	Below 60% median				Below 70% median			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
FAMILY TYPE								
Couple with children	19	17	13	11	25	25	23	21
Single with children	52	47	31	29	63	57	48	45
TYPE OF TENURE								
Owner-occupied	12	10	9	9	17	16	17	16
Rented	54	49	37	32	64	61	56	52
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	9	7	4	6	15	13	13	13
Couple, one employed, one workless	15	15	14	12	24	24	26	26
Workless	74	66	55	49	83	77	74	67
Self-employed	18	13	18	14	22	20	26	20
All children	25	23	17	15	32	31	28	26

Table 8.2 (AHC): Risk of population groups experiencing persistent low income for children¹

Percentage of children	Source: BHPS 1991-2007							
	3 years out of 4 located in the:							
	Bottom 20 per cent				Bottom 30 per cent			
	1991-94	1995-98	2000-03	2004-07	1991-94	1995-98	2000-03	2004-07
FAMILY TYPE								
Couple with children	18	16	15	14	27	28	28	27
Single with children	50	47	35	36	64	59	54	52
TYPE OF TENURE								
Owner-occupied	11	10	11	11	19	19	22	22
Rented	50	47	41	40	67	65	63	59
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	8	7	6	8	17	16	18	19
Couple, one employed, one workless	14	15	16	17	27	27	32	33
Workless	71	64	59	57	84	79	77	72
Self-employed	17	12	21	14	23	23	29	27
All children	23	22	19	19	34	34	33	32

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1995-1998, 2000-2003 and 2004-2007, which span the seventeen-year period, 1991-2007. Children are classified according to their circumstances in the first year of the relevant four-year period.

Table 9: Low-income exit and entry rates in successive years, by family type and economic status

Table 9: Low-income exit and entry rates in successive years, by family type and economic status

Percentage of individuals	Source: BHPS 1991-2007	
	Exit rate	Entry rate
Family type		
Pensioner couple	22	7
Single pensioner	24	10
Couple with children	33	7
Couple without children	47	4
Single with children	27	15
Single without children	44	7
Economic status of household		
All adults in employment	41	3
Couple, one employed, one workless	39	6
Workless	28	18
Pensioner	22	8
Self-employed	46	9
All individuals	32	7

Notes:

1. Individuals are classified according to their circumstances in the first year of the relevant two-year period
2. Individuals are defined as in low income, when the household in which they live has income less than 60 per cent of median (Before Housing Costs).
3. For an exit to occur, household income must be at least 10 per cent above the low-income threshold in a year following a period of low income.
4. For an entry to occur, household income must be at least 10 per cent below the low-income threshold in a year following a period when income was above 10 per cent of the relative low-income threshold.
5. Figures are pooled estimates from transitions between all two-year periods; e.g. for 1991-1992, up to 2006-2007.

Table 10.1: Events associated with movement out of low income in successive years amongst all individuals

Table 10.1: Events associated with movement out of low income in successive years amongst all individuals

Percentage		Source: BHPS 1991-2007	
	Prevalence of event	Exit rate, conditional on event	Share of all exits
Main event associated with low income exit			
Exit rate of all individuals in low income households = 32%			
<u>Labour events</u>			
Rise in household head's earnings	20	64	40
Rise in other household member's income	9	50	14
Rise in number of workers (same household size)	12	56	21
Rise in number of full-time workers (same household size)	8	67	17
Rise in number of workers (different household size)	5	68	10
Rise in number of full-time workers (different household size)	4	78	9
<u>Non-Labour income events</u>			
Rise in benefit income (same household size)	24	46	35
Rise in non-benefit, non-earnings income (same household size)	15	56	26
Rise in investment income (same household size)	6	53	10
Rise in private and occupational pension income (same household size)	6	58	10
<u>Demographic events</u>			
Change in household type	11	50	17
Change from single to couple status	3	57	5

Notes:

1. Individuals are classified according to their circumstances in the first year of the relevant two-year period
2. 'Benefit income' includes tax credits and retirement pension
3. The 'prevalence of event' refers to the percentage of those in low income who experience that particular event.
4. The 'exit rate, conditional on event' refers to the likelihood of a particular event causing the low income household to **exit** low income
5. The 'share of all exits' refers to the percentage of those who **exited** low income and who experienced a particular event
6. The 'share of all exits' do not sum to 100 per cent across events because the events are not mutually exclusive. For example, a person who exits low income, who obtained new work and changed couple / single status, may have been recorded in more than one row.

Table 11.1: Events associated with movement into low income in successive years amongst all individuals

Table 11.1: Events associated with movement into low income in successive years amongst all individuals

Percentage		Source: BHPS 1991-2007	
	Prevalence of event	Entry rate, conditional on event	Share of all entries
Main event associated with low income entry			
Entry rate of all individuals in non low-income households = 7%			
<u>Labour events</u>			
Fall in household head's earnings	15	19	42
Fall in other household member's income	8	9	11
Fall in number of workers (same household size)	7	18	19
Fall in number of full-time workers (same household size)	8	15	16
<u>Non-Labour income events</u>			
Fall in benefit income (same household size)	12	15	27
Fall in non-benefit, non-earnings income (same household size)	15	13	29
Fall in investment income (same household size)	12	7	12
Fall in private and occupational pension income (same household size)	4	17	9
<u>Demographic events</u>			
Change in household type	12	11	20
Change to single parent household	1	30	5

Notes:

1. Individuals are classified according to their circumstances in the first year of the relevant two-year period
2. 'Benefit income' includes tax credits and retirement pension
3. The 'prevalence of event' refers to the percentage of those in low income who experience that particular event.
4. The 'entry rate, conditional on event' refers to the likelihood of a particular event causing the low income household to **enter** low income
5. The 'share of all entries' refers to the percentage of those who **entered** low income and who experienced a particular event
6. The 'share of all entries' do not sum to 100 per cent across events because the events are not mutually exclusive. For example, a person who enters low income, who lost their job and changed couple / single status, may have been recorded in more than one row.

Table 12: Consecutive persistent low-income exit and entry rates, by family type and economic status

Table 12 Consecutive persistent low-income exit and entry rates, by family type and economic status

Percentage of individuals	BHPS 1991-2007	
	Exit rate	Entry rate
Family type		
Pensioner couple	9	2
Single pensioner	10	2
Couple with children	17	1
Couple without children	20	1
Single with children	16	3
Single without children	31	1
Economic status of household		
All adults are employees	29	0
Couple, one employed, one workless	20	1
Workless	14	4
Pensioner	10	2
Self-employed	25	2
All individuals	16	1

Notes:

1. Individuals are included in the analysis by family type or economic status if their status remained unchanged in the period before the transition. This restriction has not been applied to the 'All individuals' row.
2. Individuals are classified by their status preceeding the transition.
3. Persistent low income here is defined as experiencing low income for at least three consecutive years.
4. An entry into persistent low income was defined as where an individual spent three consecutive years below the 60 per cent of median income threshold, which has been preceded by two consecutive years above the low income threshold.
5. An exit from persistent low income has been defined where an individual spent three consecutive years below the relative low income threshold, followed by two further consecutive years above the standard 60 per cent of median low income threshold.
6. Figures are pooled estimates of transitions across all years for which there are sufficient years to measure an event, e.g. for exits from 1994-2007 and entries from 1993-2005.

Table 13.1: Events associated with movement out of consecutive persistent low income, for all individuals

Table 13.1: Events associated with movement out of consecutive persistent low income amongst all individuals

Percentage	Source: BHPS 1991-2007		
	Prevalence of event	Exit rate, conditional on event	Share of all exits
Main event associated with low income exit			
Exit rate from consecutive persistent poverty of all individuals in low income households = 16%			
<u>Labour events</u>			
Rise in household head's earnings	14	38	34
Rise in other household member's income	7	26	12
Rise in number of workers (same household size)	10	30	19
Rise in number of full-time workers (same household size)	6	43	17
Rise in number of workers (different household size)	4	48	13
Rise in number of full-time workers (different household size)	3	54	10
<u>Non-Labour income events</u>			
Rise in benefit income (same household size)	21	25	34
Rise in non-benefit, non-earnings income (same household size)	10	27	17
Rise in investment income (same household size)	5	29	8
Rise in private and occupational pension income (same household size)	4	28	7
<u>Demographic events</u>			
Change in household type	9	37	21
Change from single to couple status	3	43	7

Notes:

1. Individuals are classified according to their circumstances preceding the transition
2. 'Benefit income' includes tax credits and retirement pension
3. The 'prevalence of event' refers to the percentage of those in low income who experience that particular event.
4. The 'exit rate, conditional on event' refers to the likelihood of a particular event causing the low income household to **exit** low income
5. The 'share of all exits' refers to the percentage of those who **exited** low income and who experienced a particular event
6. The 'share of all exits' do not sum to 100 per cent across events because the events are not mutually exclusive. For example, a person who exits low income, who obtained new work and changed couple / single status, may have been recorded in more than one row.

Table 14.1: Events associated with movement into consecutive persistent low income, for all individuals

Table 14.1: Events associated with entries into consecutive persistent low income, for all individuals

Percentage	Source: BHPS 1991-2007		
	Prevalence of event	Entry rate, conditional on event	Share of all entries
Main event associated with persistent low income entry			
Entry rate into consecutive persistent poverty of all individuals in low income households = 1%			
<u>Labour events</u>			
Fall in household head's earnings	14	4	40
Fall in other household member's income	8	2	10
Fall in number of workers (same household size)	7	4	19
Fall in number of full-time workers (same household size)	7	2	14
Fall in number of workers (different household size)	7	3	17
Fall in number of full-time workers (different household size)	5	4	15
<u>Non-Labour income events</u>			
Fall in benefit income (same household size)	11	2	19
Fall in non-benefit, non-earnings income (same household size)	15	2	21
Fall in investment income (same household size)	12	1	10
Fall in occupational and private pension (same household size)	3	2	6
<u>Demographic events</u>			
Change in household type	12	2	23
Change to single parent household	1	7	6
Increase in the number of children	4	2	6
Change from couple to single status	3	4	9

Notes:

1. Individuals are classified according to their circumstances in the first three years of the relevant five-year period
2. 'Benefit income' includes tax credits and retirement pension
3. The 'prevalence of event' refers to the percentage of those in low income who experience that particular event.
4. The 'entry rate, conditional on event' refers to the likelihood of a particular event causing the low income household to **enter** low income
5. The 'share of all entries' refers to the percentage of those who **entered** low income and who experienced a particular event
6. The 'share of all entries' do not sum to 100 per cent across events because the events are not mutually exclusive. For example, a person who enters low income, who lost their job and changed couple / single status, may have been recorded in more than one row.

Appendix 1

Technical Terms, Definitions and Concepts

Technical Terms

Equivalisation

The process by which household income is adjusted by household size and composition as a proxy for material living standards. Household incomes are divided by household equivalence factors, which vary according to the number of adults and the number and age of dependants in the household. For more information, please see Appendix 2.

Equivalised income

Income which has undergone **equivalisation**.

Median

Median household income divides the population of individuals, when ranked by income, into two equal sized groups. The median of the whole population is the same as the 50th **percentile**. The term is also used for the mid-point of subsets of the income distribution.

Percentiles

These are income values which divide the population, when ranked by income, into 100 equal-sized groups. 10 per cent of the population have incomes below the 10th percentile, 20 per cent have incomes below the 20th percentile and so on.

Quintiles

Quintiles are income values which divide the population, when ranked by income, into five equal sized groups. The lowest quintile is the same as the 20th **percentile**. Quintile is also often used as a shorthand term for **quintile group**; for example 'the bottom quintile' to describe the bottom 20 per cent of the income distribution.

Quintile groups

These are groups of the population defined by the **quintiles**. The lowest quintile group is the 20 per cent of the population with the lowest incomes. The second

quintile group is the population with incomes above the lowest quintile but below the second quintile.

Risk

This is the chance of individuals in a group falling below a given threshold (e.g. the risk of the unemployed being below 60 per cent of median household income). It is calculated as the number in the group below the given threshold divided by the total number in the group.

Definitions used in BHPS

A number of definitions are employed in assembling the BHPS results. The main ones are described below.

Net disposable household income

Income is the sum across all household members of income from:

- Earnings from employment
- Profit/loss from self-employment
- Investments and savings
- All Social Security benefits - including state pensions and Pension Credit - and tax credits
- Private and occupational pensions
- Miscellaneous sources including educational grants, trade union/friendly society payments, maintenance, foster allowances and sickness/accident insurance.

minus Income Tax, National Insurance.

Adult

All those aged 16 and over, except unmarried 16 to 18 year olds in full-time non-advanced education and living with parents.

Benefit unit

A single adult or a couple living as married and any dependent children.

Child

All those aged under 16 or an unmarried 16 to 18 year old in full-time non-advanced education and living with parents.

Disabled adult

A person is defined as disabled if their health limits the type of work or the amount of work they can do.

Household

A single person or group of people living at the same address as their only or main residence who either share one meal a day together or share the living accommodation (i.e. a living room). A household will consist of one or more benefit units.

Classifications

For some analyses, individuals are classified into family type or economic status groups. Individuals are classified according to the status of the benefit unit in which they live. The classifications are defined below.

Family type

Single pensioner	a single adult of state pension age or over.
Pensioner couple	a couple, where the male in the benefit unit is of state pension age or over.
Couple with children	a non-pensioner couple with dependent children (a dependent child is one defined as "Child" in the Definitions section above).
Couple without children	a non-pensioner couple with no dependent children.
Single with children	a non-pensioner single adult with dependent children.
Single without children	a non-pensioner single adult with no dependent children.

Economic status classification

Individuals are allocated to the first category which applies in the following order; so, for example, a couple both of whom were over state pension age but one was employed would be allocated to the 'Couple, one employee, one workless' group. It should be noted that this classification is not ILO consistent.

All adults are employees	all adults in the benefit unit in full or part-time employment.
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Couple, one employee, one workless couple, one workless adult, the other a full or part-time employee.

Workless all adults in the benefit unit are workless, with one or more of working-age.

Pensioner all adults in the benefit unit are workless and above state pension age.

Self-employed benefit unit contains one or more adults who are full-time self-employed.

Qualifications

Above A-level higher degree, first degree, teaching qualifications, other higher qualifications and nursing qualifications.

A-level or below A-levels, GCSE or O-levels, commercial qualifications, CSE Grade 2-5, Scottish highers, Scottish standard 1-3, Apprenticeship and Youth training certificates.

No qualifications none of the qualifications listed above.

Tenure

Owner-occupied owned outright or owned with mortgage.

Social rented local authority rent or housing association rent.

Private rented rented from employer, rented privately or other renting.

Appendix 2

Methodology

Income mobility and persistence of low income

Estimates of income mobility and persistence of low incomes are based on data from the British Household Panel Survey (BHPS), a longitudinal dataset developed at the University of Essex, Institute for Social and Economic Research, with core funding from the UK Economic and Social Research Council. The main objective of the survey is to gain an understanding of social and economic change at the individual and household level in Britain, to identify, model and forecast such changes, their causes and consequences in relation to a range of socio-economic variables.

British Household Panel Survey sample

The BHPS was designed as an annual survey of each adult (16+) member of a nationally representative sample of more than 5,000 households, making a total of approximately 10,000 individual interviews. The same individuals will be re-interviewed in successive waves and, if they split-off from original households, all adult members of their new households will also be interviewed. Children are interviewed once they reach the age of 16; there is also a special survey of 11-15 year old household members from Wave Four onwards. Thus the sample should remain broadly representative of the population of Britain as it changes.

The sample consisted of 8,167 issued addresses drawn from the Postcode Address File. Interviews were attempted at all private households found at these addresses (subject to selection where multiple households were found). All individuals enumerated in respondent households became part of the longitudinal sample. All these sample members are known as Original Sample Members (OSMs).

The sample for the subsequent waves consists of all adults in all households containing at least one member who was resident in a household interviewed at Wave One, regardless of whether that individual had been interviewed in Wave One. Thus, with a few exceptions, an attempt was made to interview all those individuals in responding households who had refused to participate at Wave One, or for any reason had been unable to take part. In addition, a number of households where no contact had been made in Wave One were approached for interview in Wave Two after confirmation that no household moves between waves had taken place.

The following rules, applied in subsequent waves, differed from the sampling rules in Wave One in only one respect. In both sets of rules, eligibility depended on domestic

residence in England, Wales, or Scotland south of the Caledonian Canal. In waves subsequent to Wave One, however, OSMs were followed into institutions (unless in prison or in circumstances where the respondent was not available for interview e.g. too frail, mentally impaired etc.) or into Scotland north of the Caledonian Canal.

New eligibility for sample inclusion could occur between waves in the following ways:

1. A baby born to an OSM.
2. An OSM move into a household with one or more new people.
3. One or more new people move in with an OSM.

Additional sub-samples were added to the BHPS in 1997 and 1999.

- From Wave Seven, the BHPS started providing data for the United Kingdom European Community Household Panel (UKECHP). The BHPS consequently incorporated a sub-sample of the original UKECHP, including all households still responding in Northern Ireland, and a 'low-income' sample of the Great Britain panel. This meant that the BHPS incorporated a new sample into the survey whose first wave is wave seven.
- In Wave Nine, additional samples were taken in Scotland and Wales to boost the relatively small Scottish and Welsh sample sizes, so that country level analysis could be undertaken. The target sample size in each country was 1,500 households. The Scottish sample includes the population living north and west of the Caledonian Canal.

Interviewing started in September 1991 for the first wave and the September of each subsequent year. In the text wave one will be referred to as 1991, wave two as 1992 etc.

Data collection

The mode of data collection between Wave One and Wave Eight was pen-and-paper interview (PAPI) but moved to Computer Assisted Personal Interview (CAPI) in Wave Nine. This is the most significant methodological change the BHPS has undergone with potentially wide ranging implications in terms of data quality. CAPI is designed to offer data improvements through minimising missing data and reducing the level of data cleaning and editing. This is because the complex routing used within the questionnaire is enforced consistently and correctly each time.

Income definition

The measure of income used here is the sum, across all household members, of income from employment and self-employment, investments and savings, private and occupational pensions, Social Security benefits and miscellaneous income, less Income Tax and National Insurance for those in employment. The components refer

to receipts and payments made in the month prior to the interview or the most recent relevant period.

Income here, unlike the main HBAI estimates, does not deduct local taxation (including Council Tax). This is something that needs to be borne in mind given the variation in Council Tax rates between local councils and the deduction that operates for single householders.

In the BHPS, some self-employment incomes and income from second jobs are reported gross rather than net. Income Tax and National Insurance contributions have been imputed for these cases to ensure consistency.

Equivalisation

The income measures used in the BHPS take into account variations in the size and composition of the households in which individuals live. This reflects the common sense notion that, in order to enjoy a comparable standard of living, a household of five adults will need a higher income than a person living alone. The process of adjusting income in this way is known as equivalisation and is needed in order to make sensible income comparisons between households.

Equivalence scales conventionally take a couple as the reference point, with an equivalence value of one. The process then increases relatively the cash income of single person households (since their incomes are divided by a value of less than one) and reduces relatively the incomes of households with three or more persons, which have an equivalence value of greater than one.

Consider a single person, a couple, and a couple with two children, all having unadjusted household incomes of £100 Before Housing Costs. The process of equivalisation might give an equivalised income of around £160 to the single person, £100 to the couple but only around £70 to the couple with children.

Estimates are equivalised using the McClements scale, the components of which can be found in the adjacent table. The construction of household equivalence values from these scales is straightforward. For example, the BHC equivalence value for a household containing a couple with a four year old and a fourteen year old child together with one other adult would be 1.87 from the sum of the scale values:

$$0.61 + 0.39 + 0.42 + 0.18 + 0.27 = 1.87$$

The total income for the household would then be divided by 1.87 in order to arrive at the measure of equivalised household income used in LID analysis.

McClements Equivalence Scale		
	Before Housing Costs	After Housing Costs
Head	0.61	0.55
Spouse	0.39	0.45
Other second adult	0.46	0.45
Third adult	0.42	0.45
Subsequent adults	0.36	0.40
Each dependent child aged:		
0-1	0.09	0.07
2-4	0.18	0.18
5-7	0.21	0.21
8-10	0.23	0.23
11-12	0.25	0.26
13-15	0.27	0.28
16 or over	0.36	0.38

Housing Costs

Traditionally, HBAI presents analyses of disposable income on two bases: Before Housing Costs (BHC) and After Housing Costs (AHC). This is principally to take into account variations in housing costs that themselves do not correspond to comparable variations in the quality of housing. This report also presents results on the persistence of low-income on both measures.

The housing costs in HBAI include the following:

- rent (gross of housing benefit);
- water rates, community water charges and council water charges;
- mortgage interest payments (net of tax relief);
- structural insurance premiums (for owner occupiers);
- ground rent and service charges.

These differ from the housing costs used in the BHPS. For this analysis, housing costs have been defined simply as weekly gross housing costs as recorded on the BHPS. In the case of renters, these housing costs will include service and water charges because this is how the information is requested on the questionnaire. For mortgage payers, these amounts will not be included. There is also no information collected on cost of structural insurance payments on the BHPS. Another difference is that for HBAI methodology, only the interest element from a repayment mortgage is deducted as housing costs, whereas in BHPS both the repayment and interest elements will be included as part of 'gross housing costs'. On the BHPS, there were around 500 cases with this type of mortgage, whose AHC income (as compared with standard HBAI methodology) will be understated.

As for the BHC series from the BHPS, the BHPS-based AHC series does not deduct Council Tax payments from income. This differs from HBAI methodology. Previous analyses suggest that not deducting Council Tax leads to a slight reduction in

snapshot estimates of the risk of low income, although this is most marked for pensioners.

Longitudinal analysis

Whilst some analysis is based on the full seventeen years of data (i.e. individuals present in all seventeen waves), analysis of different 'rolling' four-year periods is presented as a variation on this. For example the period 1991-1994 uses individuals present in all of the first four waves, while the periods 1997-2000 and 2004-2007 use individuals present in all ten/seventeen waves together with all children born to permanent panel members in the first six/thirteen years of the survey.

Account is also taken of the inevitable changes of address/location that some interviewees experience; the survey follows members of the original household if they move to a new household. All these methods are employed to ensure that the household/family history is not lost, and that there is no significant fall off in interview numbers.

Attrition

The BHPS carry out a number of procedures to maintain contact with respondents between waves. Thank you letters are sent to respondents after each interview, including a gift voucher and a change of address card. Summary findings are sent to respondents prior to each round of fieldwork along with an address confirmation card.

After the first wave of a Panel Study, the main focus of interest is response at the individual level and the calculation of response rates. Such response rates are very complex and a wave-on-wave response rate (how many people of the people interviewed in the last wave are re-interviewed in the current wave) and a longitudinal response rate (how many of the people interviewed at Wave One are interviewed in the latest wave) can be calculated. Most of the analysis we have produced is based upon longitudinal data and consequently longitudinal response rates are shown below.

WAVE	Full respondent interviews	Longitudinal Response Rates (%)
1	9,912	-
2	8,568	86.4
3	7,839	79.1
4	7,577	76.4
5	7,183	72.5
6	7,132	72.0
7	6,903	69.6

8	6,651	67.1
9	6,396	64.5
10	6,143	62.0
11	5,914	59.7
12	5,694	57.4
13	5,481	55.3
14	5,212	52.6
15	4,994	50.4
16	4,835	48.8
17	4,622	46.6

Grossing

Grossing up is the term usually given to the process of applying factors to sample data so that they yield estimates for the overall population. The simplest grossing system would be a single factor, the uniform grossing factor, which could be calculated as the number of households in the population divided by the number in the achieved sample. However, surveys are normally grossed by a more complex set of grossing factors, which attempt to correct for differential non-response at the same time as they scale up sample estimates.

In order to account for differential non-response and subsequent differential attrition, most of the estimates presented are based on data weighted using the BHPS Wave 17 longitudinal enumerated individual weights, constructed by the University of Essex.

Although the weights attempt to correct for biases arising from sample attrition that are related to factors observed within the data, such as non-respondents, unequal selection and accommodation type, it is possible that some biases, related to factors for which we have not controlled, may persist.

Persistent exit and entry rates

Five-waves of information were required in order to estimate separate exit rates for each spell of persistent low income that occurred in a three-year period. This meant only thirteen sets of results relating to the separate waves could be constructed, with exit rates only being measurable for the following three-year periods: a-c, b-d, c-e, d-f, e-g, f-h, g-i, h-j, i-k, j-l, k-m, l-n and m-o. This meant exit rates from persistent low income that relate to the years 1994 to 2006. For entry rates, the three-year periods were: c-e, d-f, e-g, f-h, g-l, h-j, i-k, j-l, k-m, l-n, m-o, n-p and o-q. Thus, these relate to entry rates into persistent low income where transitions occurred between 1993 and 2005. Transition rates were calculated - using exit rates as an example - by presenting the total number of exits as a percentage of the total number of cases persistently poor in each three-year period. A single seventeen-year estimate was subsequently estimated by pooling together all estimates for all three-year periods.

Hence, the timing of the events to which persistent entry and persistent exit rates relate are not the same.

Population

The analyses are based upon the British Household Panel Survey, which in Wave One relates to Great Britain only (excluding the area North of the Caledonian Canal). In Wave One, the survey covers the private household sector i.e. excludes people living in institutions, e.g. nursing homes, barracks or jails; and homeless people living rough or in bed and breakfast accommodation. After Wave One, the sample members were followed into institutions or into Scotland north of the Caledonian Canal. From Wave Seven, additional households from Northern Ireland were introduced into the sample and can consequently be used for cross-sectional analysis.

Reliability of results

All of the BHPS analyses are based upon a sample and are therefore subject to sampling error and non-sampling errors.

Sampling Error

Sampling error is the uncertainty in the estimates which arises because the results are derived from a random sample of the household population. No two randomly chosen samples would give exactly the same picture of the income distribution and the particular sample chosen in any year could yield results that, by chance, are either high or low. However, the likely size of such variation can be identified, at least approximately, by taking account of the size and design of the samples.

Sampling error is thus quite distinct from any systematic errors or biases that may be present in the survey and analysis processes, such as a tendency to under-report a particular item of income. An estimate of sampling error is a measure of only one particular type of uncertainty in the estimate, and therefore cannot be taken as a guarantee that the figure is 'accurate' within certain limits.

For further information on the standard errors associated with different BHPS variables please see:

http://www.iser.essex.ac.uk/survey/bhps/documentation/pdf_versions/volumes/bhpsvolumes.pdf

Non-response

As with any survey, the BHPS results are at risk from a systematic bias due to non-response, when households that had been selected for interview do not respond to the survey. Individuals within households may also be non-responders even if the rest of

the household does respond. In an attempt to correct for these biases, the results are weighted to adjust for non-response at the household and individual level.

Item non-response

Item non-response occurs where a respondent has given a full interview, but has refused or given a 'don't know' answer to a particular question, which consequently leads to a missing value for that item. ISER have used imputation in the BHPS to correct for this item non-response, whereby a valid value is imputed in to replace the missing value. BHPS data contains imputation for important money amount variables, with the aim of reducing potential bias caused by the missing values.

For more information on the background to the survey, and the methods used, please see the ISER web site: <http://www.iser.essex.ac.uk/ulsc/bhps/doc/>

Appendix 3

The following tables have not been included in the current publication, but can be produced on request from the contacts cited on page 8.

Table 4.1 part (BHC; AHC) - Position of individuals in the income distribution by quintile in 2005 in relation to 1991, by where they spent the majority of their time

- Of those individuals who were in the same quintile in 1991 and 2005
- Of those individuals who were in a higher quintile in 2005 relative to 1991
- Of those individuals who were in a lower quintile in 2005 relative to 1991

Table 4.2 (BHC; AHC) - Position of individuals in the income distribution by quintile in 1997 in relation to 1991

Table 4.3 (BHC; AHC) - Position of individuals in the income distribution by quintile in 2005 in relation to 1999

Table 5 (BHC; AHC) - Number of years spent in the bottom of the income distribution, measured by percentiles and thresholds of median, over four-year and fifteen-year periods

Table 10.2 - Events associated with exits from low income for individuals in lone-parent families

Table 10.3 - Events associated with exits from low income for individuals in pensioner families

Table 10.4 - Events associated with exits from low income for individuals in couple with children families

Table 11.2 - Events associated with entries into low income for individuals living in lone-parent families

Table 11.3 - Events associated with entries into low income for individuals living in pensioner families

Table 11.4 - Events associated with entries into low income for individuals living in couple with children families

Table 13.2 - Events associated with exits from persistent low income for individuals in lone-parent families

Table 13.3 - Events associated with exits from persistent low income for individuals in pensioner families

Table 13.4 - Events associated with exits from persistent low income for individuals in couple with children families

Table 14.2 - Events associated with entries into persistent low income, for individuals in lone-parent families

Table 14.3 - Events associated with entries into persistent low income, for individuals in pensioner families

Table 14.4 - Events associated with entries into persistent low income, for individuals in couple with children families

Appendix 4

In 2005/06, HBAI moved from McClements to modified OECD equivalence scales. This appendix shows a comparison of the two equivalence scales and presents the results from Table 6.1 (Opportunity for all indicators) using the modified OECD equivalisation scale.

Equivalence scales				
	Modified OECD rescaled to couple without children=1¹	OECD 'Companion' Scale to equalise AHC results	McClements BHC	McClements AHC
First Adult	0.67	0.58	0.61	0.55
Spouse	0.33	0.42	0.39	0.45
Other Second Adult ²	0.33	0.42	0.46	0.45
Third Adult	0.33	0.42	0.42	0.45
Subsequent Adults	0.33	0.42	0.36	0.40
Children aged under 14yrs ³	0.20	0.20	0.20	0.20
Children aged 14yrs and over ³	0.33	0.42	0.32	0.34

Notes

1. Presented here to two decimal places.
2. For the McClements scale, the weight for the 'Other second adult' is used in place of the weight for 'Spouse' when two adults living in a household are sharing accommodation but are not living as a couple. 'Third adult' and 'Subsequent adult' weights are used for the remaining adults in the household as appropriate. In contrast to the McClements scales, apart from for the first adult, the modified OECD scales do not differentiate for subsequent adults.
3. The McClements scale varies by age within these groups; appropriate average values are shown in the table.

Table A4 (BHC): Persistent low income by group (Opportunity for all indicators), using OECD equivalisation scale^{1,2}

Source: BHPS 1991-2007

	Percentage of group below threshold in at least 3 out of 4 years			
	OFA definition		Alternative definition ³	
	Below 60% of median	Below 70% of median	In bottom 20 per cent	In bottom 30 per cent
All individuals				
1991 to 1994	14	22	14	24
1992 to 1995	13	22	15	24
1993 to 1996	13	21	14	24
1994 to 1997	13	21	15	25
1995 to 1998	13	21	14	24
1996 to 1999	13	21	15	24
1997 to 2000	13	21	15	24
1998 to 2001	13	20	14	24
1999 to 2002	12	20	14	24
2000 to 2003	11	20	14	24
2001 to 2004	10	20	14	24
2002 to 2005	9	18	13	24
2003 to 2006	9	17	13	24
2004 to 2007	9	17	13	23
Change between last two periods	0	0	0	-1
Children				
1991 to 1994	21	29	22	31
1992 to 1995	20	29	21	31
1993 to 1996	18	28	20	32
1994 to 1997	18	28	21	32
1995 to 1998	18	28	20	32
1996 to 1999	17	28	20	32
1997 to 2000	18	27	21	31
1998 to 2001	17	26	19	31
1999 to 2002	16	26	18	31
2000 to 2003	14	25	18	30
2001 to 2004	12	23	17	29
2002 to 2005	11	22	16	29
2003 to 2006	10	20	15	27
2004 to 2007	11	20	16	27
Change between last two periods	0	0	1	-1

Notes:

1. Some of the BHPS figures presented in the table above have seen small revisions since their publication in the last Low Income Dynamics report. This is due to changes to the base dataset made by the data providers.
2. Figures may not sum due to rounding.
3. There is a higher density of individuals around 60% and 70% median income. The alternative definition is presented for validation purposes as it presents estimates that are not vulnerable to errors in measuring median income.

Table A4 (BHC) cont: Persistent low income by group (Opportunity for all indicators), using OECD equivalisation scale^{1,2}

Source: BHPS 1991-2007				
Percentage of group below threshold in at least 3 out of 4 years				
OFA definition			Alternative definition ³	
	Below 60% of median	Below 70% of median	In bottom 20 per cent	In bottom 30 per cent
Working-age adults				
1991 to 1994	8	13	8	14
1992 to 1995	8	14	9	15
1993 to 1996	8	13	9	16
1994 to 1997	8	13	9	16
1995 to 1998	8	13	8	15
1996 to 1999	8	13	9	15
1997 to 2000	7	12	9	15
1998 to 2001	7	12	8	15
1999 to 2002	6	12	8	15
2000 to 2003	7	12	8	16
2001 to 2004	7	12	9	15
2002 to 2005	6	12	9	15
2003 to 2006	6	11	8	15
2004 to 2007	6	11	8	15
Change between last two periods	0	0	0	0
Pensioners				
1991 to 1994	26	43	27	47
1992 to 1995	24	42	27	46
1993 to 1996	23	40	27	46
1994 to 1997	25	41	29	45
1995 to 1998	25	40	28	46
1996 to 1999	27	40	29	45
1997 to 2000	26	42	29	48
1998 to 2001	26	41	30	47
1999 to 2002	23	40	29	46
2000 to 2003	22	38	29	45
2001 to 2004	20	39	27	46
2002 to 2005	18	36	26	44
2003 to 2006	18	35	26	45
2004 to 2007	17	33	25	42
Change between last two periods	-1	-2	-1	-3

Notes:

1. Some of the BHPS figures presented in the table above have seen small revisions since their publication in the last Low Income Dynamics report. This is due to changes to the base dataset made by the data providers.
2. Figures may not sum due to rounding.
3. There is a higher density of individuals around 60% and 70% median income. The alternative definition is presented for validation purposes as it presents estimates that are not vulnerable to errors in measuring median income.

Table A4 (AHC): Persistent low income by group (Opportunity for all indicators), using OECD equivalisation scale^{1,2}

Source: BHPS 1991-2007				
Percentage of group below threshold in at least 3 out of 4 years				
OFA definition			Alternative definition ³	
	Below 60% of median	Below 70% of median	In bottom 20 per cent	In bottom 30 per cent
All individuals				
1991 to 1994	16	22	14	23
1992 to 1995	16	23	14	24
1993 to 1996	15	22	14	24
1994 to 1997	16	22	15	24
1995 to 1998	15	22	15	24
1996 to 1999	15	22	14	24
1997 to 2000	14	21	14	23
1998 to 2001	14	21	14	24
1999 to 2002	13	21	14	24
2000 to 2003	12	21	13	24
2001 to 2004	11	20	13	23
2002 to 2005	11	19	13	22
2003 to 2006	10	18	12	23
2004 to 2007	10	18	12	22
Change between last two periods	0	0	0	0
Children				
1991 to 1994	25	31	22	33
1992 to 1995	24	32	22	33
1993 to 1996	23	31	21	33
1994 to 1997	24	31	22	33
1995 to 1998	23	31	22	33
1996 to 1999	22	31	22	33
1997 to 2000	21	30	21	33
1998 to 2001	22	30	22	33
1999 to 2002	20	30	20	33
2000 to 2003	17	29	19	33
2001 to 2004	16	27	18	32
2002 to 2005	16	27	19	30
2003 to 2006	15	25	18	30
2004 to 2007	16	26	19	31
Change between last two periods	1	1	0	1

Notes:

1. Some of the BHPS figures presented in the table above have seen small revisions since their publication in the last Low Income Dynamics report. This is due to changes to the base dataset made by the data providers.
2. Figures may not sum due to rounding.
3. There is a higher density of individuals around 60% and 70% median income. The alternative definition is presented for validation purposes as it presents estimates that are not vulnerable to errors in measuring median income.

Table A4 (AHC) cont: Persistent low income by group (Opportunity for all indicators), using OECD equivalisation scale^{1,2}

Source: BHPS 1991-2007

	Percentage of group below threshold in at least 3 out of 4 years			
	OFA definition		Alternative definition ³	
	Below 60% of median	Below 70% of median	In bottom 20 per cent	In bottom 30 per cent
Working-age adults				
1991 to 1994	10	15	9	15
1992 to 1995	11	16	10	17
1993 to 1996	10	15	10	16
1994 to 1997	11	15	10	16
1995 to 1998	10	15	9	17
1996 to 1999	9	15	9	16
1997 to 2000	9	14	9	16
1998 to 2001	9	14	9	16
1999 to 2002	8	14	9	16
2000 to 2003	8	14	9	16
2001 to 2004	8	13	9	16
2002 to 2005	8	14	9	16
2003 to 2006	7	13	9	16
2004 to 2007	8	13	9	16
Change between last two periods	0	0	0	0
Pensioners				
1991 to 1994	24	37	18	39
1992 to 1995	24	37	18	39
1993 to 1996	23	35	19	38
1994 to 1997	24	36	22	39
1995 to 1998	25	35	23	38
1996 to 1999	24	35	23	38
1997 to 2000	24	35	23	37
1998 to 2001	23	35	23	38
1999 to 2002	20	33	22	38
2000 to 2003	18	33	21	37
2001 to 2004	16	31	20	37
2002 to 2005	14	28	18	34
2003 to 2006	11	26	15	33
2004 to 2007	9	22	12	29
Change between last two periods	-2	-4	-3	-3

Notes:

1. Some of the BHPS figures presented in the table above have seen small revisions since their publication in the last Low Income Dynamics report. This is due to changes to the base dataset made by the data providers.
2. Figures may not sum due to rounding.
3. There is a higher density of individuals around 60% and 70% median income. The alternative definition is presented for validation purposes as it presents estimates that are not vulnerable to errors in measuring median income.