

Information Directorate

Low-Income Dynamics

1991-2008 (Great Britain)



DWP Department for
Work and Pensions

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 1991-2008.

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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).

The information presented in this paper is based on analysis of eighteen waves of the BHPS, from 1991 up to and including 2008. 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 to the publication

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.

The BHPS has been subsumed into the larger Understanding Society survey from the start of 2009. This means that this edition of Low Income Dynamics (LID) will be the final one in the current form. Due to the timing of data delivery of the BHPS element of the Understanding Society survey it will not be possible to produce a Low Income Dynamics report next year; instead this period will be used to look into options on how to continue measuring the persistence of low income. Details of the Understanding Society survey are available at <http://www.understandingsociety.org.uk/>.

1.2 What are we trying to measure?

This paper aims to allow comparisons of the material living standards of different types of households by measuring a household's disposable income, and adjusting this to take into account variations in the size and composition of the household. The process of adjusting income according to household composition 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 net disposable equivalised income of the household to be used as a proxy for the standard of living of each household member. 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. It also incorporates assumptions about the extent to which sharing accommodation allows individuals to attain a higher standard of living than they would if living independently with the same income. Appendix 2 gives more detail.

The LID report continues to use the McClements scales for equivalisation, the related Household Below Average Income (HBAI) report on cross-sectional poverty uses the OECD equivalence scales. Appendix 4 contains the key persistent low-income indicators calculated using the OECD scale.

1.4 Definition of income

The measure of income used in the BHPS analysis presented in this paper is net disposable household income. This is 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).

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 the 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 percentage of individuals in 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 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 indicators, 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 web-site 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.

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 and as a result, differences may not sum exactly due to rounding.

1.8 Acknowledgements

The BHPS 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

For both the Before and After Housing Costs measures:

- Over the period 1991-2008, there was considerable income mobility year on year. For example, less than 5 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 more than 5 per cent (Table 3.1) of those who started in that quintile staying there throughout the period. All other quintiles had higher mobility.
- Around 45 per cent of individuals who were in the bottom or top quintile in 1991 spent nine or more years in that particular quintile from 1991-2008. 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, 1991-1999 and 2000-2008 (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 1991-2008 was a good indicator of their location at the end of the period (Table 4.1) irrespective of within period changes. In 2008, around two-thirds of people were in the same or adjacent quintile to their position in 1991.

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 contemporary median income.

On a BHC basis, overall, the level of persistent low-income for all individuals has decreased over the period 1991-2008 (Tables 6.1 and 6.2). The largest improvements have been for children and pensioners, with small reductions in persistent low-income for working-age adults and the population as a whole. However, figures for the latest period 2005-2008 show an increase in persistent low-income for all client groups compared to 2004-2007, with the level for children showing the greatest increase.

- For children, there was a reduction in the level of persistent low income over the period 1991-1994 to 1993-1996. The proportion then remained

broadly flat at around 17 per cent up to 1998-2001, before falling to its lowest level at 10 per cent in 2003-2006 and 2004-2007. This rose to 12 per cent in the latest period 2005-2008.

- For pensioners, there was a slight increase up to 1998-2001, followed by a steady fall of 7 percentage points since, with a slight rise in the latest period 2005-2008.
- For both disabled and non-disabled adults there have been modest falls since 1991-1994, with a slight rise in the latest period 2005-2008.

On an AHC basis, there were reductions for all groups over the period 1991-2008 (Tables 6.1 and 6.2).

- For children, the proportion in persistent poverty fell to its lowest level of 14 per cent in 2003-2006. It rose by 1 per cent in 2004-2007 and a further 2 per cent between 2004-2007 and 2005-2008, to 17 per cent in the latest period.
- 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 2005-2008, at 8 per cent AHC, is at its lowest point over the 18 year period, falling one percentage point since 2004-2007.
- For both disabled and non-disabled adults, the proportion fell in the period 1991-1994 to its lowest level in 2004-2007, with a rise of 1 percentage point for disabled adults in 2005-2008. Non-disabled adults remained at broadly the same level as 2004-2007.

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

There is a higher proportion of children living in lone-parent families, in rented accommodation and workless households who experience persistent low income on both BHC and AHC measures (Table 8.2). However, the percentage of children in poverty among these groups has declined markedly since 1991-1994.

2.3 Transitions into and out of low income

- Over the period 1991-2008, 32 per cent of 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 rate for individuals above the low income threshold entering into low income the following year was 7 per cent. 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. In addition, a rise in benefit income was a common reason why these households moved out of or poverty. A fall in the household head's earnings or a fall in income derived from other non-earnings income, were common reasons why these households moved into poverty.
- Taking the period 1991-2008 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 16 per cent of individuals exited in any one year, while 1 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 2008

Table 1 is based on all eighteen waves of BHPS data and shows income levels for the mean, median and various percentiles over time, in January 2009 prices on a Before Housing Costs (BHC) and After Housing Costs (AHC) basis.

Over this period, there was a higher income growth on an AHC basis. The 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 eighteen waves of data, it is possible to look at how the characteristics of those with persistently low incomes have changed over time.

The eighteen waves have been divided into fifteen overlapping subsets of four waves, covering each four-year period, from 1991-1994 to 2005-2008 (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 4,400 fully responding individuals in the longitudinal data by the end of the eighteen-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 BHPS

Table 2 compares FRS/FES estimates of the percentage of individuals below 60 per cent of median household income, as used in the HBAI report, 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. The HBAI publication also uses the modified OECD equivalisation factors. The equivalent single year 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 either:

- 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 as they cover a four year period.

3.3 Income mobility

Table 3.1 shows where individuals spent the majority of the eighteen-year period, 1991-2008, 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:

- Over the period 1991-2008, there was considerable income mobility. For example, less than 5 per cent of the population remained in the same quintile of the income distribution for the whole of the period.
- Over two-fifths of all individuals who were in the bottom quintile in 1991 spent nine or more years in the same quintile out of the eighteen years. Similarly almost half of all individuals who were in the top quintile in 1991 spent nine or more years in the same quintile over the period 1991-2008.
- 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 at more than 5 per cent.

Tables 3.2 and 3.3 compare how income mobility has changed over two nine-year periods, 1991-1999 and 2000-2008. For individuals to be included in the analysis for Table 3.2, they must have been interviewed in each of the nine years in the period 1991-1999. Similarly, Table 3.3 includes those people that were interviewed in each year during the period 2000-2008.

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

- Of all the quintiles, the top quintile had the largest proportion of individuals who spent all nine years in the same quintile. This was true on both BHC and AHC bases. On an AHC basis, comparisons between the periods 1991-1999 versus 2000-2008 showed that individuals in the lowest quintile were less likely to remain in that bottom quintile throughout the later period.

Table 4.1 This table shows a transition matrix relating to the position of individuals at the beginning and end of the eighteen-year period 1991-2008. It shows that on both a BHC and AHC basis:

- By the end of the eighteen-year period, individuals who started in the top or bottom quintile were more likely to end up there than any other single quintile.
- In 2008, around two-thirds of people were in the same or adjacent quintile to their position in 1991.
- Around one in ten of those in the top quintile in 1991 moved to the bottom quintile in 2008, 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 thresholds. 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:

- i) For the majority of the period regardless of how high their income was in the remaining year(s).
- 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 Persistent low-income indicators

Table 6.1 presents the persistent low-income indicators for pensioners, children, working-age adults and all individuals that will be reproduced in the Households Below Average Income report in Chapter 7.

For the period 2005-2008 the table shows that, for income BHC:

- 9 per cent of all individuals lived in households with below 60 per cent of median income for at least three out of the last four years. This has increased from 8 per cent in 2004-2007. Overall, this figure has shown modest falls since 1991-1994.
- 12 per cent of children lived in households with below 60 per cent of median income for at least three of the last four years, which is a rise of 2 percentage points compared to 2004-2007. From 1991-1994, the proportion of children in persistent low income fell steadily until 1993-1996, and then it remained broadly the same until 1998-2001. Between 1998-2001 and 2003-2006, there were successive falls in percentages of children in such households when levels reached their lowest point since 1991-1994. There has been a slight rise in the most recent period.
- 6 per cent of working-age adults lived in households with below 60 per cent of median income for at least three of the least four years. Overall, this series has shown modest falls between 1991-1994 and 2004-2007, with a slight rise in the most recent period.
- 14 per cent of pensioners lived in households with below 60 per cent of median income for at least three of the last four years. For pensioners, there was a slight increase up to 1998-2001, followed by falls since, with a slight rise in the most recent four-year period.

On an AHC basis, the table shows that for the period 2005-2008:

- 10 per cent of all 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 but has risen slightly in the latest period.
- 17 per cent of children lived in households with below 60 per cent of median income for at least three out of four years. This has risen from 15 per cent in 2004-2007. From 1996-1999 the level decreased until it reached its lowest level in 2003-2006.
- 8 per cent of working-age adults experienced persistent low-income. This figure has shown modest falls since 1991-1994, with a slight rise in the latest period.
- 8 per cent of pensioners lived in persistent low income. 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 2005-2008, at 8 per cent, is at its lowest point in the series.

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

For the period 2005-2008 the table shows that, for income BHC:

- 12 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, with a rise in the most recent four-year period.
- 6 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, with a rise in the most recent four-year period.

On an AHC basis, the table shows that for the period 2005-2008:

- 11 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 to 10 per cent in 2004-2007, its lowest level over the eighteen-year period. Since then, the level has risen to 11 per cent in 2005-2008.
- 7 per cent of non-disabled adults experienced persistent low-income. There has been an overall fall from 11 per cent since 1991-1994, with a slight increase in 2005-2008.

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. 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.

The main definition of persistent poverty is 'at least three years out of four below thresholds of 60 or 70 per cent of median income'. An alternative definition 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 and Table 6.2 for validation purposes. This is useful as results using the main definition may be subject to variation due to the density of the income distribution around the 60 and 70 per cent of median thresholds.

3.6 Composition of persistent low-income groups

In Tables 7.1, 7.2, 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 accounted for 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 2005-2008, for those individuals living in households in persistent low income

- Around half lived in families with children BHC, and almost two-thirds AHC.
- A larger proportion are female on both BHC and AHC bases. It is worth noting that single pensioners and single parents are predominantly female.
- Between a quarter and a third lived in workless households depending on the measure used, and just under half BHC and just over half AHC, lived in a household where one or more of the adults were employed.
- Over a third lived in social housing.
- Over two-fifths lived in families where no adults had any educational qualifications on a BHC basis, while around 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 2005-2008, 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:

- Almost two-thirds lived in couple families.
- Over half lived in rented accommodation.
- Over a third 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 on a BHC basis, there has been a fall in the proportion of individuals in persistent low income in families with children since 1991-1994.
- 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 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 in persistent poverty living in couple households, where one is working and one is workless.

3.7 Percentage of different population groups in persistent low income

Table 8.1 shows the percentage of individuals 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 percentage of individuals in each group that are in persistent low-income.

During the period 2005-2008, for those individuals living in households with below 60 per cent of median income in at least three out of four years, Table 8.1 shows that:

- By family type, lone parents had the highest proportion of individuals in low income both BHC and AHC. On a BHC basis, the group with the next highest proportion was pensioners, whereas AHC it was couples with children.
- A high proportion of those living in workless households were in persistent low-income, but this has fallen steadily since 1991-1994.

- There was also a higher proportion of those living in households where no adult had a qualification that were in persistent low-income on both BHC and AHC measures.
- After Housing Costs there was a slightly higher percentage of women in persistent low income than men, though the percentage of children was higher still. However, these differences have narrowed since 1991-1994.
- By tenure, the social rented sector had the highest proportion of individuals in persistent poverty.

Table 8.2 shows the percentage of children of experiencing persistent low-incomes. During the period 2005-2008, 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:

- A much higher proportion of children living in lone parent families were in persistent low income compared to children in couple families. However, the percentage for lone parent families has fallen considerably since 1991-94.
- There was also a higher proportion of children in rented accommodation and workless households in persistent low-income. Both of these proportions have fallen since 1991-94.

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 2008.

The analysis is based on all eighteen waves of the BHPS, from 1991 up to and including 2008, 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 consecutive persistent low-income.

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 they belong, they will 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 is the standard 60 per cent of contemporary median income Before Housing Costs (BHC). 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

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

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 research), 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 reduce the potential of the change being caused by sampling or measurement error. For this analysis, an income component had to increase by at least 20 per cent, and by a minimum of £10 a week to be regarded as an event.

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 eighteen waves of data collected from the BHPS. These estimates were constructed by identifying all relevant events between all seventeen 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 a third of individuals who experienced low income in any one year exited from low income in the following year.
- The entry rate for all individuals not in low income was 7 per cent 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.
- Low exit and low entry rates for pensioner couples suggests they had relatively stable incomes.
- Working-age singles and couples without children had the highest exit rates at around 45 per cent.
- Couples without children had the lowest proportion entering low income between any two years at 4 per cent. Couples with children were twice as likely to enter low income, and singles with children, four times as likely.

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 experienced the lowest exit rates at 22 per cent.
- Workless households, when compared with any other economic status, had markedly higher entry rates at 17 per cent.
- Families where all adults were employed had the lowest chance of entering low income at 3 per cent. Couples with one workless and one employed were twice as likely and the self-employed three times as likely to enter low income.
- The exit rate from low income for the 'self-employed', 'couples, one employed, one workless' and 'all adults in employment' were broadly similar, with around 40 per cent 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. 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 40 per cent of 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 benefit income was associated with around a 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 10 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, with 42 per cent of entrants experiencing the event.
- A change in status to a single-parent household had a high conditional entry rate at 29 per cent, but it was not very common, with only 5 per cent of entrants experiencing the event.

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 60 per cent of median income threshold BHC, followed by two further consecutive years above this 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 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 1 per cent. These compared with Table 9 values of 32 per cent and 7 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.
- Singles without children were most likely to exit consecutive persistent low-income, with a rate of around a third.
- Couples without children had a relatively high exit rate (22 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 (45 per cent) along with singles without children.

Economic status

- Families where all adults were in employment along with the self-employed had the highest exit rates; just under a third of individuals in such households exited consecutive persistent low-income.
- 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 the highest entry rate, at 4 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 and a rise in benefit income contributed to the greatest share of all exits. Both were relatively prevalent with 14 and 21 per cent of escapers experiencing the events respectively.
- 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.

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).

- A fall in the head of household's earnings was associated with 42 per cent of entries, the largest share of all entry events.
- A change to a lone-parent household was associated with the highest conditional entry rate, at 8 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 (2008/09) report and in the LID 1991-2007 report. This is due to changes to the base dataset made by the data providers which is an ongoing process to improve data quality.
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 2009 prices)

Table 1 (BHC): Equivalised weekly income levels (in January 2009 prices)^{1,2,3}

£pw equivalised								Source: BHPS 1991-2008	
Year	10th percentile	20th percentile	30th percentile	40th percentile	60% of median	70% of median	Median	Mean	
1991	163	206	248	295	201	235	335	391	
1992	164	206	246	288	200	233	333	390	
1993	169	215	254	298	207	242	346	398	
1994	176	218	260	302	208	242	346	407	
1995	178	228	267	309	212	248	354	420	
1996	187	234	274	319	220	256	366	425	
1997	184	231	275	320	219	256	365	429	
1998	190	239	287	332	229	267	381	440	
1999	192	248	292	337	233	272	389	453	
2000	199	253	301	349	241	281	402	457	
2001	213	265	310	358	248	289	413	476	
2002	215	275	317	370	255	297	424	480	
2003	224	281	326	377	258	301	430	489	
2004	227	283	332	379	259	302	431	496	
2005	224	284	329	377	258	301	429	494	
2006	228	284	334	383	262	306	437	503	
2007	228	281	333	381	261	305	436	502	
2008	225	280	330	380	260	303	433	503	
Percentage increase 1991 to 2008	38%	36%	33%	29%	29%	29%	29%	29%	

Notes:

1. The table shows summary statistics of the equivalised income distribution for each BHPS year in constant (January 2009) 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.
3. The methodology for this table has been improved. This means the figures above are not comparable with those from previous publications

Table 1 (AHC): Equivalised weekly income levels (in January 2009 prices)^{1,2,3}

£pw equivalised								Source: BHPS 1991-2008	
Year	10th percentile	20th percentile	30th percentile	40th percentile	60% of median	70% of median	Median	Mean	
1991	117	157	198	233	164	191	273	316	
1992	115	156	192	230	163	190	271	316	
1993	120	161	199	237	167	194	278	321	
1994	127	166	203	243	170	198	283	331	
1995	129	173	211	247	173	201	288	342	
1996	137	177	218	258	179	208	298	349	
1997	137	179	221	263	183	213	305	356	
1998	145	187	233	273	190	222	317	369	
1999	146	194	237	280	196	229	327	383	
2000	157	204	248	297	205	239	341	390	
2001	165	216	261	301	210	245	350	408	
2002	168	225	270	315	218	255	364	413	
2003	182	235	277	323	223	260	372	427	
2004	183	238	284	330	227	265	379	438	
2005	178	240	282	328	227	265	379	432	
2006	180	241	289	333	230	268	383	446	
2007	192	243	290	336	234	273	389	450	
2008	175	236	285	332	228	266	380	445	
Percentage increase 1991 to 2008	50%	50%	44%	42%	39%	39%	39%	41%	

Notes:

1. The table shows summary statistics of the equivalised income distribution for each BHPS year in constant (January 2009) 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.
3. The methodology for this table has been improved. This means the figures above are not comparable with those from previous publications

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	16	18	07/08
2008	16	16	18	08/09
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	19	20	23	07/08
2008	20	20	22	08/09

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 equalisation 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
2008	13	13	16	08/09
Pensioners				
1991	29	29	37	90/91*
1992	24	24	33	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	07/08
2008	20	21	20	08/09

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	24	90/91*
1992	22	22	25	91/92*
1993	21	22	25	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	17	22	06/07
2007	18	18	23	07/08
2008	19	18	22	08/09
Children				
1991	30	30	31	90/91*
1992	33	33	32	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	25	25	30	06/07
2007	26	26	31	07/08
2008	26	26	30	08/09

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	19	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	16	16	20	06/07
2007	16	16	21	07/08
2008	17	17	21	08/09
Pensioners				
1991	29	29	36	90/91*
1992	25	25	33	91/92*
1993	26	25	31	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
2008	14	16	16	08/09

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 1991-2008

Table 3.1 (BHC): Where in the income distribution individuals spent the majority of their time relative to 1991, over the period 1991-2008

Source: BHPS 1991-2008						
	Original position in 1991				Top Quintile	All individuals
	Bottom Quintile	Second Quintile	Third Quintile	Fourth Quintile		
All years in the same quintile as 1991	3	0	0	0	9	3
Majority of years in same quintile as 1991	40	21	15	20	38	27
Majority of years above 1991 quintile	52	37	29	14	...	27
Majority of years below 1991 quintile	...	12	25	40	47	25
None of the above	5	30	31	26	5	19
All individuals	100	100	100	100	100	100

Notes:

1. The "Majority of years in same quintile as 1991" row means ten or more years out of eighteen in the same quintile as 1991 but does not include those in the "All years in same 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 ten of the eighteen BHPS years. For example, a possible combination matching this criteria for respondents over the eighteen years is (7, 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 3.1 (AHC): Where in the income distribution individuals spent the majority of their time relative to 1991, over the period 1991-2008

Source: BHPS 1991-2008						
	Original position in 1991				Top Quintile	All individuals
	Bottom Quintile	Second Quintile	Third Quintile	Fourth Quintile		
All years in the same quintile as 1991	2	0	0	0	7	2
Majority of years in same quintile as 1991	40	17	12	18	36	25
Majority of years above 1991 quintile	53	43	27	15	...	28
Majority of years below 1991 quintile	...	10	31	39	52	26
None of the above	5	29	30	27	5	19
All individuals	100	100	100	100	100	100

Notes:

1. The "Majority of years in same quintile as 1991" row means ten or more years out of eighteen in the same quintile as 1991 but does not include those in the "All years in same 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 ten of the eighteen BHPS years. For example, a possible combination matching this criteria for respondents over the eighteen years is (7, 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 1991-1999

Table 3.2 (BHC): Where in the income distribution individuals spent the majority of their time relative to 1991, over the period 1991-1999

Source: BHPS 1991-1999						
	Bottom Quintile	Second Quintile	Original position in 1991		Top Quintile	All individuals
			Third Quintile	Fourth Quintile		
All years in the same quintile as 1991	14	3	2	3	24	9
Majority of years in same quintile as 1991	43	36	34	39	39	38
Majority of years above 1991 quintile	43	31	24	15	...	23
Majority of years below 1991 quintile	...	15	25	30	37	21
None of the above	...	14	15	13	...	8
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 nine in the same quintile as 1991 but does not include those in the "All years in same 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 five of the nine BHPS years. For example, a possible combination matching this criteria for respondents over the eight years is (4, 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 3.2 (AHC): Where in the income distribution individuals spent the majority of their time relative to 1991, over the period 1991-1999

Source: BHPS 1991-1999						
	Bottom Quintile	Second Quintile	Original position in 1991		Top Quintile	All individuals
			Third Quintile	Fourth Quintile		
All years in the same quintile as 1991	13	4	2	1	20	8
Majority of years in same quintile as 1991	43	34	28	32	41	36
Majority of years above 1991 quintile	44	34	26	15	...	24
Majority of years below 1991 quintile	...	13	27	37	39	23
None of the above	...	16	17	15	...	10
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 nine in the same quintile as 1991 but does not include those in the "All years in same 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 five of the nine BHPS years. For example, a possible combination matching this criteria for respondents over the eight years is (4, 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 2000-2008

Table 3.3 (BHC): Where in the income distribution individuals spent the majority of their time relative to 2000, over the period 2000-2008

Source: BHPS 2000-2008						
	Bottom Quintile	Second Quintile	Original position in 2000		Top Quintile	All individuals
			Third Quintile	Fourth Quintile		
All years in the same quintile as 2000	14	3	2	4	26	10
Majority of years in same quintile as 2000	41	36	32	36	34	36
Majority of years above 2000 quintile	45	31	25	16	...	23
Majority of years below 2000 quintile	...	14	25	29	40	22
None of the above	...	17	15	16	...	9
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 nine in the same quintile as 2000 but does not include those in the "All years in same 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 five of the nine BHPS years. For example, a possible combination matching this criteria for respondents over the eight years is (4, 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 (AHC): Where in the income distribution individuals spent the majority of their time relative to 2000, over the period 2000-2008

Source: BHPS 2000-2008						
	Bottom Quintile	Second Quintile	Original position in 2000		Top Quintile	All individuals
			Third Quintile	Fourth Quintile		
All years in the same quintile as 2000	10	3	3	4	23	8
Majority of years in same quintile as 2000	43	34	27	33	36	35
Majority of years above 2000 quintile	47	32	23	13	...	23
Majority of years below 2000 quintile	...	13	28	32	41	23
None of the above	...	18	19	17	...	11
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 nine in the same quintile as 2000 but does not include those in the "All years in same 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 five of the nine BHPS years. For example, a possible combination matching this criteria for respondents over the eight years is (4, 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 2008 in relation to 1991

Table 4.1 (BHC): Position of individuals in the income distribution by quintile in 2008 in relation to 1991

Percentage of individuals	Source: BHPS 1991-2008				
	Position in 1991				
	Bottom Quintile	Second Quintile	Third Quintile	Fourth Quintile	Top Quintile
Position in 2008					
Bottom quintile	34	23	18	15	10
Second quintile	25	26	21	18	11
Third quintile	18	22	21	20	18
Fourth quintile	16	17	21	23	23
Top quintile	8	12	18	25	38
Total	100	100	100	100	100

Table 4.1 (AHC): Position of individuals in the income distribution by quintile in 2008 in relation to 1991

Percentage of individuals	Source: BHPS 1991-2008				
	Position in 1991				
	Bottom Quintile	Second Quintile	Third Quintile	Fourth Quintile	Top Quintile
Position in 2008					
Bottom quintile	33	23	20	12	12
Second quintile	24	22	24	17	13
Third quintile	20	25	19	22	15
Fourth quintile	16	17	20	22	25
Top quintile	7	14	17	26	35
Total	100	100	100	100	100

Table 6.1 (BHC): Persistent low income by group

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

Source: BHPS 1991-2008				
Percentage of group below threshold in at least 3 out of 4 years				
	Main 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
2005 to 2008	9	17	13	23
Change between last two periods	1	1	1	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	28
2005 to 2008	12	23	18	28
Change between last two periods	2	2	2	0

Notes:

1. Some of the figures presented in the table above have seen revisions since their publication in the last (2008/09) 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^{1,2}

Source: BHPS 1991-2008				
Percentage of group below threshold in at least 3 out of 4 years				
Main 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	8	16
2005 to 2008	6	12	9	16
Change between last two periods	1	1	1	0
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	23	40
2004 to 2007	14	28	23	38
2005 to 2008	14	27	22	36
Change between last two periods	1	-1	-1	-2

Notes:

1. Some of the figures presented in the table above have seen revisions since their publication in the last (2008/09) 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

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

Source: BHPS 1991-2008				
Percentage of group below threshold in at least 3 out of 4 years				
	Main 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	10	18	12	23
2004 to 2007	9	17	12	22
2005 to 2008	10	18	12	22
Change between last two periods	1	0	0	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	31
2005 to 2008	17	27	19	32
Change between last two periods	2	2	0	0

Notes:

1. Some of the figures presented in the table above have seen revisions since their publication in the last (2008/09) 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^{1,2}

Source: BHPS 1991-2008				
Percentage of group below threshold in at least 3 out of 4 years				
	Main 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	16
2004 to 2007	7	13	9	17
2005 to 2008	8	13	9	16
Change between last two periods	1	0	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	15	32
2004 to 2007	9	20	11	28
2005 to 2008	8	20	11	28
Change between last two periods	-1	-1	-1	0

Notes:

1. Some of the figures presented in the table above have seen revisions since their publication in the last (2008/09) 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 1991-2008

	Percentage of group below threshold in at least 3 out of 4 years			
	Main 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	29
2005 to 2008	12	23	18	31
Change between last two periods	1	2	1	2
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	11	8	16
2004 to 2007	5	11	8	16
2005 to 2008	6	12	9	16
Change between last two periods	1	1	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. Adults are classified as disabled if they report disability in any one of the four years in the relevant four-year period.
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 1991-2008

	Percentage of group below threshold in at least 3 out of 4 years			
	Main 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	21	14	26
2004 to 2007	10	19	12	25
2005 to 2008	11	20	14	27
Change between last two periods	1	1	2	2
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	8	16
2004 to 2007	6	12	8	16
2005 to 2008	7	12	8	16
Change between last two periods	0	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. Adults are classified as disabled if they report disability in any one of the four years in the relevant four-year period.
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 1991-2008											
	3 years out of 4 years below threshold											
	Below 60% median				Below 70% median				Whole population ²			
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
GENDER AND ADULTHOOD												
Children	36	31	30	32	32	29	29	32	22	21	22	24
Men	23	24	26	27	24	25	28	28	36	37	36	35
Women	42	44	44	40	45	46	44	41	41	42	42	41
FAMILY TYPE												
Pensioner Couple	11	13	16	16	12	14	18	18	9	9	10	11
Single Pensioner	15	17	17	14	19	18	16	12	8	9	8	8
of which												
Male	2	3	3	3	3	3	3	3	2	2	2	2
Female	13	15	14	10	16	15	13	9	7	7	6	6
Couple with children	39	36	31	33	37	34	33	34	39	37	36	37
Couple without children	5	6	8	7	6	7	8	7	22	22	21	20
Single with children ³	22	18	18	18	19	17	16	16	7	7	8	8
Single without children	7	10	10	13	8	9	9	12	15	16	17	16
of which												
Male	4	5	5	6	4	4	5	6	9	9	10	9
Female	3	4	5	7	4	5	4	6	6	7	7	7
EDUCATIONAL QUALIFICATIONS (adults)⁴												
Above A-level	7	11	16	21	7	12	15	24	25	32	41	48
A-level or below	33	38	35	35	33	37	37	37	41	41	36	33
No qualification	60	51	49	44	60	51	47	39	33	27	23	18
TYPE OF TENURE												
Owner-occupied	41	46	53	58	42	47	54	60	71	72	75	77
Social rented	51	44	37	36	50	43	37	32	22	20	17	15
Private rented	8	10	10	5	8	10	9	8	7	9	8	8
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	8	8	5	8	10	10	9	11	33	31	33	33
Couple, one employed, one workless	14	13	17	22	15	16	22	25	24	25	26	26
Workless	43	41	35	29	36	35	28	24	13	13	11	10
Pensioner	24	28	30	27	28	29	31	27	13	14	15	16
Self-employed	11	11	13	13	11	11	11	13	16	17	15	16
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, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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 1991-2008											
	3 years out of 4 years located in the								Whole population ²			
	Bottom 20 per cent				Bottom 30 per cent							
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
GENDER AND ADULTHOOD												
Children	34	30	29	32	31	29	28	30	22	21	22	24
Men	23	24	27	28	24	26	29	28	36	37	36	35
Women	42	46	44	41	45	45	43	41	41	42	42	41
FAMILY TYPE												
Pensioner Couple	12	13	18	18	12	14	17	18	9	9	10	11
Single Pensioner	16	19	16	12	19	18	16	12	8	9	8	8
of which												
Male	2	3	3	3	3	3	4	3	2	2	2	2
Female	14	15	13	9	16	15	12	10	7	7	6	6
Couple with children	37	34	32	35	36	35	34	35	39	37	36	37
Couple without children	5	6	7	7	6	8	9	8	22	22	21	20
Single with children ³	22	18	16	15	18	17	15	15	7	7	8	8
Single without children	7	10	10	12	8	9	9	12	15	16	17	16
of which												
Male	4	5	5	6	4	5	5	6	9	9	10	9
Female	3	5	5	6	4	5	4	6	6	7	7	7
EDUCATIONAL QUALIFICATIONS (adults)⁴												
Above A-level	7	12	14	24	7	13	16	25	25	32	41	48
A-level or below	33	37	38	36	34	37	38	38	41	41	36	33
No qualification	60	52	48	40	59	50	46	37	33	27	23	18
TYPE OF TENURE												
Owner-occupied	42	45	55	59	43	47	55	60	71	72	75	77
Social rented	50	45	36	33	49	44	36	32	22	20	17	15
Private rented	8	11	9	8	8	10	9	8	7	9	8	8
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	8	9	6	9	11	10	12	13	33	31	33	33
Couple, one employed, one workless	14	13	20	25	17	18	22	24	24	25	26	26
Workless	41	38	31	26	33	33	25	23	13	13	11	10
Pensioner	25	29	31	27	28	28	29	27	13	14	15	16
Self-employed	12	11	12	13	10	11	11	13	16	17	15	16
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, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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 1991-2008											
	3 years out of 4 years below threshold								Whole population ²			
	Below 60% median				Below 70% median							
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
GENDER AND ADULTHOOD												
Children	36	33	33	40	32	30	30	37	22	21	22	24
Men	22	22	25	24	24	25	26	26	36	37	36	35
Women	41	46	42	36	43	45	43	37	41	42	42	41
FAMILY TYPE												
Pensioner Couple	9	10	13	9	10	11	15	12	9	9	10	11
Single Pensioner	14	18	15	6	18	17	14	9	8	9	8	8
<i>of which</i>												
Male	2	2	3	1	2	3	3	2	2	2	2	2
Female	13	16	12	5	15	14	12	6	7	7	6	6
Couple with children	42	35	36	44	40	37	36	44	39	37	36	37
Couple without children	5	6	7	8	5	7	8	7	22	22	21	20
Single with children ³	22	22	19	20	18	17	17	18	7	7	8	8
Single without children	8	9	10	14	9	10	10	11	15	16	17	16
<i>of which</i>												
Male	4	4	6	7	5	5	5	6	9	9	10	9
Female	3	5	5	6	4	5	5	6	6	7	7	7
EDUCATIONAL QUALIFICATIONS (adults)⁴												
Above A-level	8	13	16	27	8	13	18	29	25	32	41	48
A-level or below	35	37	35	39	34	38	37	38	41	41	36	33
No qualification	57	50	48	34	58	49	45	33	33	27	23	18
TYPE OF TENURE												
Owner-occupied	32	34	42	47	38	40	47	52	71	72	75	77
Social rented	58	53	44	40	54	48	42	35	22	20	17	15
Private rented	10	13	14	13	8	13	11	12	7	9	8	8
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	9	8	6	10	11	11	11	13	33	31	33	33
Couple, one employed, one workless	16	15	19	26	18	17	23	26	24	25	26	26
Workless	41	41	34	33	34	35	27	25	13	13	11	10
Pensioner	22	26	25	12	26	26	26	19	13	14	15	16
Self-employed	12	10	15	19	11	11	13	17	16	17	15	16
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, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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 1991-2008											
	3 years out of 4 years located in the								Whole population ²			
	Bottom 20 per cent				Bottom 30 per cent							
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
GENDER AND ADULTHOOD												
Children	38	33	33	39	32	30	31	35	22	21	22	24
Men	22	22	25	25	25	25	27	27	36	37	36	35
Women	40	45	42	36	43	45	42	38	41	42	42	41
FAMILY TYPE												
Pensioner Couple	8	10	14	10	10	12	15	13	9	9	10	11
Single Pensioner	12	18	15	7	17	16	14	10	8	9	8	8
<i>of which</i>												
Male	1	3	3	1	2	3	3	3	2	2	2	2
Female	11	15	13	6	15	14	11	8	7	7	6	6
Couple with children	44	35	35	44	41	37	37	42	39	37	36	37
Couple without children	5	6	7	7	5	7	8	7	22	22	21	20
Single with children ³	23	22	19	19	17	17	16	16	7	7	8	8
Single without children	8	9	10	12	9	10	10	12	15	16	17	16
<i>of which</i>												
Male	5	4	5	6	5	5	5	6	9	9	10	9
Female	4	5	4	6	4	5	5	6	6	7	7	7
EDUCATIONAL QUALIFICATIONS (adults)⁴												
Above A-level	8	13	17	28	8	14	18	28	25	32	41	48
A-level or below	36	37	35	40	35	38	38	37	41	41	36	33
No qualification	55	50	48	32	57	48	44	35	33	27	23	18
TYPE OF TENURE												
Owner-occupied	33	33	44	47	39	41	49	54	71	72	75	77
Social rented	58	53	43	40	52	47	41	34	22	20	17	15
Private rented	9	13	13	13	9	12	11	12	7	9	8	8
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	9	8	7	10	12	12	13	14	33	31	33	33
Couple, one employed, one workless	16	15	19	27	19	18	24	26	24	25	26	26
Workless	43	42	32	30	33	34	25	23	13	13	11	10
Pensioner	19	25	27	15	25	26	25	21	13	14	15	16
Self-employed	13	10	15	17	12	11	12	16	16	17	15	16
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, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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 1991-2008											
	3 years out of 4 years below threshold											
	Below 60% median				Below 70% median				All children ²			
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
FAMILY TYPE												
Couple with children	60	65	59	61	62	64	63	64	82	80	79	79
Single with children	40	35	41	39	38	36	37	36	18	20	21	21
TYPE OF TENURE												
Owner-occupied	29	32	35	42	35	38	43	49	69	68	72	74
Rented	71	68	65	58	65	62	57	51	31	32	28	26
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	11	12	8	11	14	14	14	15	32	33	35	34
Couple, one employed, one workless	17	18	25	34	21	23	33	38	30	30	34	34
Workless	60	53	53	38	52	47	39	31	19	18	14	12
Self-employed	12	17	15	17	13	16	15	17	19	19	17	20
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, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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 (BHC): Composition of persistent low-income groups of children by characteristics of family or household¹

Percentage of children	Source: BHPS 1991-2008											
	3 years out of 4 years located in the											
	Bottom 20 per cent				Bottom 30 per cent				All children ²			
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
FAMILY TYPE												
Couple with children	59	63	63	66	63	65	65	66	82	80	79	79
Single with children	41	37	37	34	37	35	35	34	18	20	21	21
TYPE OF TENURE												
Owner-occupied	30	33	40	46	38	39	46	50	69	68	72	74
Rented	70	67	60	54	62	61	54	50	31	32	28	26
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	11	14	8	12	16	16	19	18	32	33	35	34
Couple, one employed, one workless	18	19	30	41	23	24	33	37	30	30	34	34
Workless	58	51	45	33	47	45	34	29	19	18	14	12
Self-employed	13	16	16	15	13	15	14	17	19	19	17	20
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, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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 1991-2008											
	3 years out of 4 years below threshold								All children ²			
	Below 60% median				Below 70% median							
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
FAMILY TYPE												
Couple with children	62	58	61	65	64	65	64	67	82	80	79	79
Single with children	38	42	39	35	36	35	36	33	18	20	21	21
TYPE OF TENURE												
Owner-occupied	33	32	39	47	38	37	44	51	69	68	72	74
Rented	67	68	61	53	62	63	56	49	31	32	28	26
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	12	12	9	10	15	16	16	16	32	33	35	34
Couple, one employed, one workless	19	19	28	32	23	22	31	35	30	30	34	34
Workless	56	55	45	35	49	47	37	28	19	18	14	12
Self-employed	14	14	18	22	13	16	16	21	19	19	17	20
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, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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 household¹

Percentage of children	Source: BHPS 1991-2008											
	3 years out of 4 years located in the								All children ²			
	Bottom 20 per cent				Bottom 30 per cent							
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
FAMILY TYPE												
Couple with children	62	58	61	65	66	66	65	68	82	80	79	79
Single with children	38	42	39	35	34	34	35	32	18	20	21	21
TYPE OF TENURE												
Owner-occupied	34	32	40	46	40	39	46	53	69	68	72	74
Rented	66	68	60	54	60	61	54	47	31	32	28	26
ECONOMIC STATUS OF HOUSEHOLD												
All adults in employment	12	11	11	12	16	17	19	19	32	33	35	34
Couple, one employed, one workless	18	20	27	35	24	23	33	34	30	30	34	34
Workless	56	56	43	33	46	45	33	27	19	18	14	12
Self-employed	14	14	19	20	13	15	15	20	19	19	17	20
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, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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): Percentage of all individuals experiencing persistent low-income for population groups

Table 8.1 (BHC): Percentage of all individuals experiencing persistent low income for population groups¹

Percentage of individuals	Source: BHPS 1991-2008							
	3 years out of 4 years below threshold							
	Below 60% median				Below 70% median			
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
GENDER AND ADULTHOOD								
Children	19	17	14	12	29	28	25	23
Men	8	8	7	7	13	14	15	14
Women	12	12	11	9	22	22	20	17
FAMILY TYPE								
Pensioner Couple	15	16	16	13	28	29	33	28
Single Pensioner	23	24	21	16	46	44	39	27
<i>of which</i>								
Male	16	19	16	18	32	36	36	28
Female	25	25	23	16	49	46	40	27
Couple with children	12	11	9	8	19	19	18	16
Couple without children	3	3	4	3	6	7	8	6
Single with children ²	41	29	24	21	58	48	39	37
Single without children	6	7	6	7	10	11	11	13
<i>of which</i>								
Male	5	7	5	6	9	10	10	12
Female	6	7	7	8	13	13	12	15
EDUCATIONAL QUALIFICATIONS (adults)³								
Above A-level	3	4	4	3	5	7	7	8
A-level or below	8	10	9	9	14	17	19	18
No qualification	18	19	21	20	33	34	37	33
TYPE OF TENURE								
Owner-occupied	7	7	7	7	12	13	14	14
Social rented	28	26	22	22	46	43	41	37
Private rented	14	13	12	6	23	24	23	17
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	3	3	2	2	6	6	5	6
Couple, one employed, one workless	7	6	6	8	13	13	16	17
Workless	41	35	33	26	58	53	49	42
Pensioner	22	22	21	16	42	40	40	30
Self-employed	8	8	9	8	13	13	15	14
Whole population	12	12	10	9	20	20	19	17

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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): Percentage of all individuals experiencing persistent low income for population groups¹

Percentage of individuals	Source: BHPS 1991-2008							
	3 years out of 4 located in the:							
	Bottom 20 per cent				Bottom 30 per cent			
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
GENDER AND ADULTHOOD								
Children	22	21	18	18	33	33	31	28
Men	9	10	10	11	16	17	19	18
Women	14	16	14	13	26	26	25	23
FAMILY TYPE								
Pensioner Couple	19	21	24	22	34	35	40	36
Single Pensioner	27	32	27	21	54	51	47	37
<i>of which</i>								
Male	21	27	22	22	40	44	48	39
Female	29	33	28	21	58	52	47	36
Couple with children	13	14	12	13	22	23	23	22
Couple without children	3	4	5	5	7	8	10	9
Single with children ²	46	37	28	27	65	55	47	45
Single without children	7	9	8	10	13	14	13	17
<i>of which</i>								
Male	7	7	7	9	11	12	12	14
Female	7	10	9	11	15	16	14	19
EDUCATIONAL QUALIFICATIONS (adults)³								
Above A-level	3	5	4	6	6	9	9	11
A-level or below	10	12	13	13	17	20	24	24
No qualification	21	25	26	26	38	40	45	42
TYPE OF TENURE								
Owner-occupied	8	9	10	10	14	16	18	18
Social rented	32	33	28	29	53	53	50	48
Private rented	16	18	15	13	26	27	28	23
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	3	4	2	4	8	8	9	9
Couple, one employed, one workless	8	8	10	13	16	17	20	22
Workless	46	42	39	35	62	60	56	51
Pensioner	26	29	28	24	50	47	48	39
Self-employed	10	9	11	11	15	15	18	18
Whole population	14	15	14	13	24	24	24	23

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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): Percentage of all individuals experiencing persistent low-income for population groups

Table 8.1 (AHC): Percentage of all individuals experiencing persistent low income for population groups¹

Percentage of individuals	Source: BHPS 1991-2008							
	3 years out of 4 years below threshold							
	Below 60% median				Below 70% median			
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
GENDER AND ADULTHOOD								
Children	25	23	17	17	32	31	28	27
Men	9	9	8	7	15	14	15	13
Women	15	16	12	9	23	23	21	16
FAMILY TYPE								
Pensioner Couple	15	16	14	8	26	26	30	19
Single Pensioner	27	32	21	8	47	42	36	21
<i>of which</i>								
Male	14	21	16	6	32	33	31	26
Female	30	34	22	8	50	45	37	19
Couple with children	16	14	12	12	22	21	20	21
Couple without children	4	4	4	4	5	7	7	6
Single with children ²	50	45	28	27	61	52	45	41
Single without children	8	8	7	9	12	14	12	13
<i>of which</i>								
Male	8	7	7	9	12	12	10	12
Female	8	10	8	9	13	16	15	14
EDUCATIONAL QUALIFICATIONS (adults)³								
Above A-level	4	5	4	5	6	8	8	9
A-level or below	11	12	10	10	16	18	19	17
No qualification	22	24	22	15	34	34	37	26
TYPE OF TENURE								
Owner-occupied	7	7	7	6	12	12	13	12
Social rented	40	39	29	27	54	52	49	42
Private rented	21	23	20	16	26	31	29	26
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	4	4	2	3	7	8	7	7
Couple, one employed, one workless	10	9	9	10	16	15	18	18
Workless	49	46	36	33	58	57	51	44
Pensioner	25	27	19	8	42	38	36	22
Self-employed	11	9	12	13	15	14	17	19
Whole population	15	15	12	10	22	21	21	18

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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): Percentage of all individuals experiencing persistent low income for population groups¹

Percentage of individuals	Source: BHPS 1991-2008							
	3 years out of 4 located in the:							
	Bottom 20 per cent				Bottom 30 per cent			
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
GENDER AND ADULTHOOD								
Children	23	23	19	19	34	33	33	32
Men	8	9	9	8	16	16	18	17
Women	13	15	13	11	24	25	25	21
FAMILY TYPE								
Pensioner Couple	13	15	17	11	28	30	34	26
Single Pensioner	21	30	24	11	49	45	40	30
<i>of which</i>								
Male	10	21	18	9	35	35	37	34
Female	23	33	26	12	52	48	41	29
Couple with children	15	14	13	15	24	24	25	25
Couple without children	3	4	4	4	6	8	9	7
Single with children ²	48	44	32	30	62	55	51	46
Single without children	7	8	8	9	14	15	15	16
<i>of which</i>								
Male	7	7	8	9	13	13	13	15
Female	8	10	8	10	15	18	17	17
EDUCATIONAL QUALIFICATIONS (adults)³								
Above A-level	4	5	5	6	6	9	10	11
A-level or below	10	11	11	12	17	20	23	22
No qualification	18	23	24	17	36	37	42	36
TYPE OF TENURE								
Owner-occupied	6	7	8	7	13	14	16	16
Social rented	37	38	32	32	56	55	56	50
Private rented	18	23	22	19	28	34	33	32
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	4	4	3	4	8	9	10	10
Couple, one employed, one workless	9	9	10	13	18	17	22	22
Workless	47	45	39	37	60	60	56	50
Pensioner	20	26	23	12	44	42	40	30
Self-employed	11	8	13	13	17	16	20	23
Whole population	14	14	13	12	23	24	24	22

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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): Percentage of children experiencing persistent low-income by population groups

Table 8.2 (BHC): Percentage of children experiencing persistent low income by population groups¹

Percentage of children	Source: BHPS 1991-2008							
	3 years out of 4 years below threshold							
	Below 60% median				Below 70% median			
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
FAMILY TYPE								
Couple with children	14	14	10	9	22	22	20	18
Single with children	44	30	26	23	61	50	43	40
TYPE OF TENURE								
Owner-occupied	8	8	7	7	15	15	15	15
Rented	45	37	32	27	61	55	50	45
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	6	6	3	4	13	12	10	10
Couple, one employed, one workless	11	10	10	12	20	21	24	25
Workless	63	49	52	38	81	73	69	58
Self-employed	12	15	12	11	19	23	22	19
All children	19	17	14	12	29	28	25	23

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. Children are classified according to their circumstances in the first year of the relevant four-year period.

Table 8.2 (BHC): Percentage of children experiencing persistent low income by population groups¹

Percentage of children	Source: BHPS 1991-2008							
	3 years out of 4 located in the:							
	Bottom 20 per cent				Bottom 30 per cent			
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
FAMILY TYPE								
Couple with children	16	17	14	15	25	27	25	23
Single with children	49	38	31	29	67	58	51	48
TYPE OF TENURE								
Owner-occupied	9	10	10	11	18	19	20	19
Rented	49	44	38	37	66	63	58	56
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	7	9	4	6	17	16	16	15
Couple, one employed, one workless	12	13	16	21	25	27	30	31
Workless	68	59	57	48	83	80	75	69
Self-employed	15	17	17	13	22	26	25	24
All children	22	21	18	18	33	33	31	28

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. Children are classified according to their circumstances in the first year of the relevant four-year period.

Table 8.2 (AHC): Percentage of children experiencing persistent low-income by population groups

Table 8.2 (AHC): Percentage of children experiencing persistent low income by population groups¹

Percentage of children	Source: BHPS 1991-2008							
	3 years out of 4 years below threshold							
	Below 60% median				Below 70% median			
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
FAMILY TYPE								
Couple with children	19	17	13	14	25	25	23	23
Single with children	52	47	31	29	63	55	48	44
TYPE OF TENURE								
Owner-occupied	12	11	9	11	17	17	17	19
Rented	54	49	37	35	64	61	56	52
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	9	8	4	5	15	15	13	13
Couple, one employed, one workless	15	15	14	16	24	23	26	28
Workless	74	69	55	49	83	79	74	64
Self-employed	18	17	18	19	22	26	26	29
All children	25	23	17	17	32	31	28	27

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. Children are classified according to their circumstances in the first year of the relevant four-year period.

Table 8.2 (AHC): Percentage of children experiencing persistent low income by population groups¹

Percentage of children	Source: BHPS 1991-2008							
	3 years out of 4 located in the:							
	Bottom 20 per cent				Bottom 30 per cent			
	1991-94	1996-99	2000-03	2005-08	1991-94	1996-99	2000-03	2005-08
FAMILY TYPE								
Couple with children	18	17	15	16	27	27	28	27
Single with children	50	47	35	33	64	57	54	49
TYPE OF TENURE								
Owner-occupied	11	11	11	12	19	19	22	23
Rented	50	49	41	41	67	65	63	59
ECONOMIC STATUS OF HOUSEHOLD								
All adults in employment	8	8	6	7	17	17	18	18
Couple, one employed, one workless	14	15	16	20	27	26	32	32
Workless	71	69	59	54	84	82	77	71
Self-employed	17	16	21	20	23	27	29	32
All children	23	23	19	19	34	33	33	32

Notes:

1. The figures presented in the table above are for the four-year periods, 1991-1994, 1996-1999, 2000-2003 and 2005-2008, which span the eighteen-year period, 1991-2008. 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 1991-2008	
	Exit rate of those in low income	Entry rate of those not in low income
Family type		
Pensioner couple	22	7
Single pensioner	25	10
Couple with children	33	7
Couple without children	45	4
Single with children	26	14
Single without children	44	7
Economic status of household		
All adults in employment	40	3
Couple, one employed, one workless	39	6
Workless	28	17
Pensioner	22	8
Self-employed	46	10
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 2007-2008.

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 1991-2008	
	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	63	39
Rise in other household member's income	9	49	14
Rise in number of workers (same household size)	12	56	21
Rise in number of full-time workers (same household size)	8	66	17
Rise in number of workers (different household size)	5	70	10
Rise in number of full-time workers (different household size)	4	76	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)	16	56	27
Rise in investment income (same household size)	6	53	10
Rise in private and occupational pension income (same household size)	6	58	11
<u>Demographic events</u>			
Change in household type	11	50	16
Change from single to couple status	3	54	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 1991-2008	
	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	10	11
Fall in number of workers (same household size)	7	18	19
Fall in number of full-time workers (same household size)	8	15	17
<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	29	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 1991-2008	
	Exit rate of those in low income	Entry rate of those not in low income
Family type		
Pensioner couple	10	2
Single pensioner	11	2
Couple with children	17	1
Couple without children	22	1
Single with children	16	3
Single without children	31	1
Economic status of household		
All adults are employees	28	0
Couple, one employed, one workless	19	1
Workless	14	4
Pensioner	10	2
Self-employed	28	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 1993-2006.

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 1991-2008	
	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	39	34
Rise in other household member's income	7	29	13
Rise in number of workers (same household size)	10	28	18
Rise in number of full-time workers (same household size)	6	42	16
Rise in number of workers (different household size)	4	47	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	26	34
Rise in non-benefit, non-earnings income (same household size)	11	27	18
Rise in investment income (same household size)	5	27	8
Rise in private and occupational pension income (same household size)	4	29	7
<u>Demographic events</u>			
Change in household type	9	37	20
Change from single to couple status	2	44	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 1991-2008		
	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	42
Fall in other household member's income	8	2	9
Fall in number of workers (same household size)	7	4	18
Fall in number of full-time workers (same household size)	7	3	14
Fall in number of workers (different household size)	6	3	16
Fall in number of full-time workers (different household size)	5	3	14
<u>Non-Labour income events</u>			
Fall in benefit income (same household size)	11	2	20
Fall in non-benefit, non-earnings income (same household size)	14	2	20
Fall in investment income (same household size)	12	1	9
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	8	6
Increase in the number of children	4	2	5
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.

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.

All adults are employees	all adults in the benefit unit in full or part-time employment.
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 table below. 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 percentage of different population groups in low income, although this is most marked for pensioners.

Longitudinal analysis

Whilst some analysis is based on the full eighteen years of data (i.e. individuals present in all eighteen 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 2005-2008 use individuals present in all ten/eighteen waves together with all children born to permanent panel members in the first six/fourteen 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
18	4,411	44.5

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 Eighteen 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.

Consecutive persistent exit and entry rates

Five waves of information were required in order to estimate separate exit rates for each spell of consecutive persistent low income that occurred in a three-year period. This meant only fourteen 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, m-o and n-p. This meant exit rates from consecutive persistent low income that relate to the years 1994 to 2007. 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, o-q and p-r. Thus, these relate to entry rates into consecutive persistent low income where transitions occurred between 1993 and 2006. 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 consecutively, persistently poor in each three-year period. A single eighteen-year estimate was subsequently estimated by pooling together all estimates for all three-year periods.

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

Population

The analyses are based upon the British Household Panel Survey (BHPS), 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

Additional tables

The following tables have not been included in the current publication, but can be produced on request from the contacts cited on page 9.

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

OECD equivalisation

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 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, using OECD equivalisation scale^{1,2}

Source: BHPS 1991-2008				
Percentage of group below threshold in at least 3 out of 4 years				
Main 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	23
2004 to 2007	9	17	13	23
2005 to 2008	9	17	13	23
Change between last two periods	0	0	1	0
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	19	14	27
2004 to 2007	11	20	15	27
2005 to 2008	12	21	17	28
Change between last two periods	1	2	2	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, using OECD equivalisation scale^{1,2}

Source: BHPS 1991-2008				
Percentage of group below threshold in at least 3 out of 4 years				
Main 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
2005 to 2008	6	11	9	16
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	45
2003 to 2006	18	35	26	44
2004 to 2007	17	32	24	42
2005 to 2008	17	31	23	40
Change between last two periods	0	-2	-1	-2

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, using OECD equivalisation scale^{1,2}

Source: BHPS 1991-2008				
Percentage of group below threshold in at least 3 out of 4 years				
Main 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	22
2004 to 2007	10	18	12	22
2005 to 2008	11	18	12	22
Change between last two periods	1	1	0	1
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	30
2005 to 2008	18	28	20	33
Change between last two periods	2	2	1	2

Notes:

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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, using OECD equivalisation scale^{1,2}

Source: BHPS 1991-2008				
Percentage of group below threshold in at least 3 out of 4 years				
Main 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
2005 to 2008	8	13	10	16
Change between last two periods	1	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	32
2004 to 2007	9	22	12	29
2005 to 2008	8	20	11	28
Change between last two periods	0	-1	-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.

**Low-Income Dynamics:
An analysis of
income mobility
1991-2008**

The paper analyses the movements around the income distribution by individuals during the period 1991 to 2008, and examines the extent to which individuals living in low-income households are persistently experiencing low income, on both the Before Housing Costs (BHC) and After Housing Costs (AHC) measures. The report also contains tables showing the likelihood for all individuals, and for individuals in different family types and economic circumstances of making a transition either into or out of low income. Events and characteristics associated with the transitions are also identified.

The information presented in this paper is based on data from the longitudinal British Household Panel Survey, which is run by the ESRC UK Longitudinal Studies Centre at the University of Essex.

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