
The Incidence of Poverty

The three measures of poverty discussed in Chapter 6 will now be applied to the data collected from the sample of households. This chapter will describe the extent of poverty among the households and population of the United Kingdom and its constituent regions in 1968-9. It will outline the relationship between short-term and long-term poverty and portray the general 'structure' of poverty among the population.

As judged by the state's or government standard, 7 per cent of the households in the sample were in poverty. By the deprivation standard, the number was 25 per cent. However, the difference between these two results is greater than it would be if the 'real' rather than the 'basic' government standard were to be used. If the government standard were to be treated not just as equivalent to the basic scale rates of supplementary benefit but were also to include the regular discretionary payments which are often added to these rates, as well as the income and assets which are ordinarily disregarded in determining eligibility, the figure of 7 per cent would be considerably higher. The 'real' standard could be applied only by making complicated adjustments for each family's circumstances. Instead, a margin of income up to 40 per cent above the 'basic' standard has been taken to show the numbers in the population who may also be in poverty or on the boundaries of poverty as defined by society.¹ Further evidence on the real levels of income of recipients of supplementary benefit and the numbers who are eligible to receive such benefit will be given later. In addition to the 7 per cent of households in poverty according to the basic government standard, there were another 24 per cent on the margins of this standard, as Table 7.1 shows. That is, these households had an annual net disposable income of only up to 40 per cent above the standard.

By the state's standard, the percentage of the people in the sample in poverty and

¹ The choice of 40 per cent was made for reasons given in previous research - that, in practice, the state observes a higher standard than the basic rates by disregarding (through the Supplementary Benefits Commission) certain minor amounts of income of claimants and by adding, for certain claimants, small amounts to the basic benefits. See Abel-Smith, B., and Townsend, P., *The Poor and the Poorest*, Bell, London, 1965, p. 18.

Table 7.1. Percentages in poverty and on the margins of poverty according to three standards.

Poverty standard	Percentage of households	Percentage of population	Estimated number (UK)	
			Households	Non-institutionalized population
State's standard (SB):*				
in poverty	7.1	6.1	1.34 mil.	3.32 mil.
on margins of poverty	23.8	21.8	4.50 mil.	11.86 mil.
Relative income standard:†				
in poverty	10.6	9.2	2.00 mil.	5.0 mil.
on margins of poverty	29.5	29.6	5.58 mil.	16.10 mil.
Deprivation standard: ‡				
in poverty	25.2	22.9	4.76 mil.	12.46 mil.
Total (UK)	100	100	18.90 mil. ^a	54.4 mil. ^b

DEFINITIONS:

* Net disposable household income last year of less than 100 per cent (in poverty) or 100 to 139 per cent (on margins of poverty) of supplementary benefit scale rates plus housing costs.

† Net disposable household income last year less than 50 per cent (in poverty) or 50 to 79 per cent (on margins of poverty) of mean household income for type.

‡ Net disposable household income last year of less than a level below which deprivation tends to increase disproportionately as income diminishes.

NOTES:

^aAccording to the 1971 Census, there were approximately 18,800,000 households in the United Kingdom. Our definition of 'household' (like that of the FES) was not identical with that used in the census, and we estimated that there were 18,900,000 according to that definition in 1968-9.

^bSee Appendix Two, page 955, for an explanation of estimated non-institutionalized population.

on the margins of poverty was rather smaller than of households, being 6 per cent and nearly 22 per cent respectively. These figures represent 3.3 million and 11.9 million people, or a total of 152 million in nearly 6 million households in the non-institutionalized population of 54.4 million.

The relative income standard of poverty applies to those households with annual incomes below 50 per cent of the mean for their type. Over 10 per cent of households and 9 per cent of population were below this standard, representing 5 million people. Another 30 per cent had an annual income of less than 80 per cent of

the mean income for their type. These two measures do not exactly overlap. About two thirds of those with incomes below the state's standard have less than 50 per cent of the mean income for their household type, but (mainly because the actual housing cost which is allowed can be relatively high) the rest are at higher levels. Altogether, about 86 per cent of those who have incomes below or less than 40 per cent above the state's standard have incomes of less than 80 per cent of the mean for their type. Again, there is substantial overlapping, but the distributions are not quite coincident.

The deprivation standard was defined on the basis of the evidence in Chapter 6 of a correlation between annual net disposable household income and deprivation, as measured by an index of deprivation. The standard was fixed at £338 for a person aged 60 and over, and £442 for a younger person living alone; £520 for a couple aged 60 and over, and £624 for a younger couple; and amounts ranging according to age of children from £728 to £780 for a man and wife and one child, £832 to £936 for a man and wife and two children, and £936 to £1,092 for a man and wife and three children. Altogether, 25 per cent of households and 23 per cent of individuals in the sample were living on incomes below the standard. They represented 4.8 million households and 12.5 million persons.

Certain adjustments should properly be made to figures for the numbers living in or on the margins of poverty, particularly to those arising from the use of the government or state standard. First, because we wanted to make general statements about the region, households were over-sampled in Northern Ireland. Since relatively more households in that region than elsewhere in the country had low incomes, a minor adjustment needed to be made to all major results concerned with levels of living. But it was hardly ever more than two or three decimal percentage points, and sometimes only one decimal point.¹ Secondly, among 2,050 households providing information in the survey, 14 per cent did not provide complete information on their cash incomes during the whole of the preceding twelve months. Since other information about them was reasonably full and some were households comprising two or more income units (where information was often complete for one unit but not the other) an adjustment could also be made to the sample findings. Thirdly, the increase of about 6 per cent in the rates of supplementary benefit during the survey made another adjustment necessary for households interviewed in late 1968 or early 1969. An account of these adjustments is set out in Appendix Seven: 'Note on the Adjustment of Sample Findings' (pages 989-90). The results (for the week preceding the interview as well as for the year as a whole) are given in Table 7.2.

The adjustments have the effect of slightly increasing the numbers found to be in poverty, but slightly reducing the numbers on its margins.² The final column of

¹ See Appendix Seven, pages 989-90.

² Unadjusted data are used elsewhere in the analysis because there is no means of distributing the adjustments for many variables.

Table 7.2. Percentages and number in poverty by the state's standard.

<i>Period: relationship to state standard</i>	<i>Percentage of households</i>		<i>Percentage of population</i>		<i>Estimated population (UK)</i>
	<i>un- adjusted</i>	<i>adjusted</i>	<i>un- adjusted</i>	<i>adjusted</i>	<i>adjusted</i>
<i>Last year:</i>					
in poverty	7.1	7.3	6.1	6.4	3.48 mil.
on margins of poverty	23.8	23.3	21.8	21.5	11.70 mil.
<i>Last week:</i>					
in poverty	6.7	7.1	6.0	6.3	3.43 mil.
on margins of poverty	23.7	23.1	20.8	20.6	11.21 mil.

Table 7.2 provides revised estimates for the population as a whole. Three and a half million people were in poverty, with another 114 to 12 million on the margins of poverty, making over 15 million altogether, or more than a quarter of the population. The estimates vary only slightly whether we consider net household income in the week preceding the interview or in the year as a whole, though these two populations are not exactly coincident, as we shall see.

The figure of 6.4 per cent of the population below the supplementary benefit standard is higher than figures estimated from the Family Expenditure Survey for the late 1960s.¹ This is to be expected, since relatively too few households in certain minority groups with low incomes have been represented in the FES samples² and

¹ See, for example, an estimate of 3.4 per cent of households below the supplementary benefit standard (on certain rough assumptions) for 1969 by Atkinson, A. B., *Poverty, Inequality and Class Structure*, Cambridge University Press, 1974, p. 58 ; and an estimate of 5.8 per cent of households and 5.3 per cent of people for 1967 by Lansley, P. S., 'Post War Changes in the Extent of Poverty', in Fiegehen, G. C., Lansley, P. S. and Smith, A. D., *Poverty and Progress in Britain, 1953-73*, Cambridge University Press, 1977, p. 29.

² We have already noted that the number of people aged 65 and over included in the FES for 1968 was about 14 per cent too small and the number of children about 10 per cent too large (see above, Chapter 5, page 183). This imbalance of children and old people persisted in the FES for both 1973 and 1974. Thus, in 1974, 7.7 per cent of the persons included in the FES, but 8.7 per cent in the population at large, were aged 70 and over. Twenty-eight per cent were children under the age of 16, compared with 25 per cent. And only 34 per cent aged 16 or over were economically inactive, compared with 39 per cent in the population, according to the 1971 Census. The Department of Employment has not provided enough information of a social character about the sample to enable a clearer view to be taken about its representation of the poor. According to a paper prepared by the DHSS Statistics and Research Branch in October 1977 ('The Take-Up of Supplementary Benefits'), the representation of sickness and invalidity beneficiaries in 1975 was only about three quarters of the totals expected from administrative

response is almost certainly reduced by the invitation to record expenditure for two weeks.

Short-term and Long-term Poverty

In any week of the year, some incomes will be much lower and others much larger than usual. Often this is because a wage-earner is sick or unemployed, or is working varying hours of overtime. Sometimes it is due to a change of job or the loss or addition of a member of the household. Ideally we would have wished to establish income levels in relation to household membership for all periods of change during at least the previous twelve months. This was impracticable. We attempted only to find the total annual income and preceding week's income. But occasional income, like tax refunds, bonuses and windfalls, had to be assumed to be spread out over the year rather than spent in any particular period. This method of averaging income is used in all surveys and tends to smooth out the variations that exist. Our measures of the number of households and individuals who fell below the standard of income did not cover all of those who did so for certain but not all periods of the year.

Table 7.3 shows that 5 per cent of households were below the state's standard during the previous week and on average throughout the year. A further 22 per cent were on the margins of poverty or fluctuated only between poverty and the margins of poverty. Yet there was a third group experiencing poverty. Some households fell below or were on the margins of the standard during the previous week, but not on average throughout the year, and vice versa. They included families who were temporarily sick or unemployed and households in which a wage-earner was now back at work after a long spell of unemployment or sickness or had obtained an increase in pay. Either they were just emerging from poverty or just descending into it. For some, this was a once-and-for-all movement, though for others it was a recurring experience. The significance of these figures is in showing that over a third of the households and nearly a third of the population fall into one of these three groups and have recent if not present experience of poverty. Table A.14 in Appendix Eight (page 1002) gives further detail.¹

records. 'It does seem that those sick are less likely than others to cooperate in the FES.' The same paper quotes a Central Statistical Office estimate for 1964-6 which showed a tendency for those at the highest and lowest ranges of household rateable values not to cooperate in the surveys.

¹ It should be noted that tables correlating data for household income last year with that for income last week are drawn from a smaller number in the sample than tables describing each of them independently. Some households giving full information, but not information complete in all respects for income and assets, were included in the final sample made available for analysis. This accounts for slight discrepancies between different tables in the proportions in poverty or on the margins of poverty.

Table 7.3. Percentages of households of different size in poverty and on the margins of poverty.

	Size of household					All sizes
	1	2	3	4	5+	
<i>Whether net disposable income below, or less than 40% above, SB scales plus housing cost, last week and last year</i>						
In poverty last week and last year	10.0	5.3	2.4	2.2	4.9	5.1
In margins of poverty last week and last year	38.6	16.3	10.5	12.7	16.9	19.2
In poverty <i>or</i> on margins of poverty last week and last year	3.7	3.5	2.7	2.2	4.1	3.3
In poverty or on margins of poverty only last week	4.0	3.9	4.4	5.6	4.9	4.5
In poverty or on margins of poverty only on average last year	2.8	2.2	3.4	6.4	6.6	3.9
Not in poverty or on margins of poverty either last week or last year	40.8	68.7	76.6	70.8	62.6	64.1
Total	100	100	100	100	100	100
Number	321	508	295	267	243	1,634

Size of Household

Table 7.3 also shows the relationship between size of household and the state's standard of poverty. The highest incidence of poverty is found among one-person households, and the lowest among three- and four-person households. The incidence rises again among households with five or more persons. Only 41 per cent of one-person households but between 63 per cent and 77 per cent of other households were not in poverty or on the margins of poverty either in the preceding week or on average during the year. Further details are given in Table A.15a in Appendix Eight (page 1003) by the separate criteria of income in the preceding week and year. The proportion in poverty and on the margins of poverty was highest for one-person households, and next for households of five or more persons. The proportion was lowest among three-person households.

The smallest households were not so liable to experience variations in living standards. More of the households with four, five or more persons than the smaller

households were in poverty or on the margins of poverty in the week previous to interview, but not on average during the year, and vice versa. The large households often contained two, three or more income units and their income was therefore more likely to vary. But the presence of two or more income units did not necessarily raise households out of poverty. Although more households consisting of a single income unit than of two or more units were found to be in poverty, a relatively large proportion of the latter remained in poverty or on its margins. Indeed, more households with four or more income units than with two or three units were found to be in poverty (Table A.15b, Appendix Eight, page 1003).

The State's Standard

The results of applying each of the three measures will be elaborated. Table 7.4 shows how the incomes of the sample compared with the state's standard of poverty. According to the separate criteria of last week's and last year's income, 6 to 7 per cent of households and individuals were living on incomes below the standard. Most of them were under 90 per cent of the standard, some of them being under 80 per cent. The latter represented more than a million people. In addition to the estimate of

Table 7.4. Percentages of households and persons, according to net disposable household income in preceding week and preceding year, expressed as a percentage of the supplementary benefit scales plus housing costs.

	<i>Net disposable household income</i>					<i>Estimated no. of persons in pop. (000s)</i>
	<i>Last week</i>		<i>Last year</i>			
	<i>House- holds</i>	<i>Persons</i>	<i>House- holds</i>	<i>Persons</i>		
<i>Percentage of supplementary benefit scales plus housing cost</i>						
300+	11.0	10.1	10.8	10.4	5,658	
200-99	28.6	29.5	28.8	28.4	15,450	
140-99	29.9	33.6	29.5	33.3	18,115	
120-39	10.8	11.4	11.8	12.9	7,018	
110-19	6.8	5.1	5.9	4.5	2,448	
100-9	6.1	4.3	6.1	4.4	2,394	
90-99	2.9	2.7	2.9	2.2	1,197	
80-89	1.4	1.1	2.3	2.2	1,197	
under 80	2.4	2.2	1.9	1.7	925	
Total	100	100	100	100	54,400	
Number	1,803	5,271	1,764	5,146	-	

three million people who were, on the basis of the sample, below the standard, another five million were up to 20 per cent and a further 7 million between 20 per cent and up to 40 per cent above the standard.

The great majority of the population were, however, far above the supplementary benefit standard, nearly two thirds being above 160 per cent and two fifths above 200 per cent of the standard. The average household commanded an income more than twice that of the supplementary benefit scale rates plus the average cost of housing in the United Kingdom.

The interviewing was organized in each area in four quarterly stages, as described in Chapter 3, and the sample was divided, in effect, into four separate random sub-samples. The results obtained for each quarter are given in Table 7.5. The *intentions* in dividing the sample into four sub-samples seem to have been broadly fulfilled. The spread of incomes was wide at all four stages and, bearing in mind variation due to sampling, broadly consistent. The percentage below the state's standard in each quarter: 5.6, 8.2, 7.5 and 5.5, and the percentage no more than 40 per cent higher

Table 7.5. *Percentages of households interviewed at different periods, according to their net disposable income in preceding week, expressed as a percentage of supplementary benefit scales.*

<i>% of supplementary benefit scales plus housing cost</i>	<i>First quarter 1968</i>	<i>Second quarter 1968</i>	<i>Third quarter 1968</i>	<i>Fourth quarter 1968 and part of first quarter 1969</i>
300+	12.1	9.9	12.0	10.5
200-99	28.9	29.4	25.7	29.9
140-99	31.1	27.1	27.7	32.7
130-39	4.9	7.8	5.0	5.2
120-29	6.4	3.3	6.7	4.4
110-19	5.2	7.8	7.5	6.8
100-9	5.7	6.6	8.0	4.7
90-99	2.2	4.0	3.0	2.6
80-89	1.2	2.1	1.0	1.2
Under 80	2.2	2.1	3.5	1.9
Total	100	100	100	100
Number	405	425	401	572

than that standard: 22.2, 25.5, 27.2 and 214, are also broadly consistent with certain historical events. For example, in October 1968 family allowances were substantially increased.

The Relative Income Standard

The incomes of the households in the sample, expressed as a percentage of the mean of each of fourteen household types to which they were allocated, is shown in Table 7.6. The dispersion is wide, with around 10 per cent having incomes below 50 per cent and 4 per cent more than 200 per cent of the mean (1.5 per cent, in fact, more than 300 per cent of the mean).

Table 7.6. Percentages of households and persons, according to net disposable household income expressed as a percentage of the mean for each household type.

Net income as of mean	Last week		Last year		Number of persons in the popula- tion (millions)
	House- holds	Persons	House- holds	Persons	
200+	3.7	3.6	4.0	4.3	2.3
140-99	11.6	11.9	9.5	9.8	5.3
120-39	7.5	8.2	8.6	8.8	4.8
110-19	7.0	7.4	7.0	7.2	3.9
100-9	8.9	9.1	7.9	8.2	4.5
90-99	10.4	11.2	10.1	10.6	5.8
80-89	12.3	12.0	12.7	12.3	6.7
70-79	11.2	11.0	11.3	11.1	6.0
50-69	17.5	16.8	18.2	18.5	10.1
Under 50	9.9	8.7	10.6	9.2	5.0
Total	100	100	100	100	54.4
Number	1,801	5,269	1,763	5,145	-

Estimates are also given in the table, on the basis of the sample results of the numbers in the population living at different levels in relation to the mean. In addition to 5 million living in households on incomes of less than 50 per cent of the mean for their type, another 16 million were living under 80 per cent of the mean. At the other extreme, 2.3 million were living in households with incomes of more than 200 per cent of the mean, 800,000 of them more than 300 per cent.

The Relative Deprivation Standard

The proportions of households and of population surmounting and falling below the deprivation standard are shown in Table 7.7. A substantial proportion had incomes

Table 7.7. Percentages of households and persons, according to gross disposable household income expressed as a percentage of the deprivation standard.

% of deprivation standard	<i>Last week</i>		<i>Last year</i>		Number of population (millions)
	<i>Households</i>	<i>Persons</i>	<i>Households</i>	<i>Persons</i>	
250+	7.9	7.6	10.0	9.8	5.3
200-49	9.2	8.5	10.5	10.1	5.5
180-99	6.4	6.7	7.3	7.5	4.1
160-79	9.8	10.3	8.9	9.1	5.0
140-59	10.8	11.4	11.8	12.6	6.9
120-39	14.5	15.7	13.9	14.9	8.1
110-19	7.2	8.2	5.8	6.1	3.3
100-9	6.7	6.7	6.6	6.9	3.8
90-99	7.1	7.9	6.4	7.0	3.8
80-89	5.4	5.0	5.9	6.0	3.3
Under 80	15.0	12.1	12.9	9.9	5.4
Total	100	100	100	100	54.4
Number	1,799	5,261	1,761	5,138	-

considerably below the standard, whether judged by weekly or annual income.¹ As many as 10 per cent of the population were in households with gross disposable income of less than 80 per cent of the deprivation standard. A substantial section of the population were again found to have income two or three times higher than the standard.

¹ Income is measured in terms of gross rather than net household disposable income, because account is already taken in the deprivation standard of the needs of work and travelling to work. This differs from the measurement of income according to the government's supplementary benefit standard, which legally applies to those not in full-time paid employment. The actual cost of working (which, according to a limited definition, averaged about £1 per week per full-time worker), have not been deducted from income instead, because this would be tantamount to treating expenditure as equivalent to needs and thereby assuming unjustifiably that the poor are not obliged to accept low-paid local work.

Definitions of the Domestic Unit and of Resources

We have shown how the proportions of the population found to be living in poverty vary, depending on whether the state's conception of poverty or an alternative, perhaps more objective, conception like that of relative deprivation described in Chapter 6 and illustrated here, is adopted as the standard. This is not the only source of variation. Much depends on whether the household or the income unit is regarded as the appropriate domestic unit receiving income and consuming goods and services, and whether resources other than cash incomes, especially assets, affect and should be regarded as affecting the results. Later chapters, on types of deprivation and different groups in the population, go into these matters in some detail. Here attention is called only to the effect of varying the definitions of both the domestic unit and resources.

Table 7.8 shows that, using the same supplementary benefit scales, more people were in units than households with incomes below those scales - 9.1 per cent compared with 6.1 per cent - and more had incomes on the margins of those scales - 23.2 per cent compared with 21.8 per cent.

According to the state's standard, the survey produces the following estimates of total population in poverty:

	<i>Households</i>	<i>Income units</i>
Number in poverty	3.3 mil.	5.0 mil.
Number on margins	<u>11.9 mil.</u>	<u>12.6 mil.</u>
	15.2 mil.	17.6 mil.

Some households in poverty had small assets which, when converted to an annuity value and added to net disposable income, lifted them above the poverty line. For example, a man of 40 with savings and possessions estimated to be worth £500 would be assumed to be receiving an annuity of about £39 per annum. A man of 65 with the same amount of savings or possessions, would be assumed to be receiving £50 per annum, or nearly £1 a week, but the table shows that even if assets were, or could be, converted into income in this way, it would still leave the majority of those in poverty or on its margins in the same position. Consider the figures in the final three columns of Table 7.8. The two percentages 9.1 and 23.2 represent 5 million and 12.6 million people respectively, or 17.6 million altogether, and the two comparable percentages of 6.8 and 16.8 represent 3.7 million and 9.1 million, or 12.8 million altogether. Thus, nearly three quarters of those in poverty or on its margins could not escape that condition even if they used, or were able to use, all their assets to buy an annuity. And, it must be added, though some of the assets included in our list - for example, most types of money savings - might be regarded as realizable in periods of hardship, others - for example, property like a car or personal jewellery - might not be so regarded. Alternatively, it might be pointed out

that owner-occupied homes and certain kinds of assets are disregarded by the Supplementary Benefits Commission, and any proposal to add a value for assets to income should be matched by the addition of the disregarded equivalent to the scales used for the purpose of measuring 'social' poverty.

Table 7.8 also shows the distribution for people in households of total resources. Again this is presented for heuristic purposes only. To non-asset income is added not only the annuity value of assets, but the value of employer welfare benefits and private services and gifts in kind, and even the value of social services in kind, including the costs of medical consultation, stays in hospital, school and college attendance, and subsidies to council housing and owner-occupied property. It might

Table 7.8. Percentages of people in income units or households above and below the state's standard of poverty according to definition of resources.

<i>Percent- age of supple- mentary benefit scales plus housing cost</i>	<i>Households</i>			<i>Income units</i>		
	<i>Net dis- posable income last year</i>	<i>Income net worth</i>	<i>Total resources</i>	<i>Net dis- posable income last year</i>	<i>Income net worth</i>	<i>Total resources</i>
300+	10.4	21.6	34.2	12.6	22.6	37.4
200-99	28.4	30.5	34.4	26.5	29.4	33.5
140-99	33.3	28.2	22.8	28.5	24.4	19.4
100-39	21.8	15.6	7.2	23.2	16.8	6.7
Under 100	6.1	4.0	1.3	9.1	6.8	3.2
Total Number	100 5,146	100 4,391	100 3,725	100 5,339	100 4,601	100 4,313

very reasonably be argued that it would be wrong to count the costs of many such items as a form of 'income' because they cannot be regarded as defraying living expenses even in the eyes of the Supplementary Benefits Commission. None the less, it is not without interest that, even counting all such benefits and subsidies as income, there remains 8.5 per cent of the population representing 4.6 million in poverty or on its margins.

Regional Poverty

The proportion in poverty varied among the different regions, but not so widely as sometimes supposed. By the state's standard, the poorest region was Northern Ireland, followed by the North-West of England, the South-West and Wales, and Scotland (Table 7.9). The least poor region was Greater London, which also had much the highest proportion of people living at more than twice the standard. If the alternative of the income unit and not household is used to examine poverty in the

Table 7.9. *Percentages of population in different regions, according to net disposable household income in preceding year (in rank order of prevalence of poverty).*

Region	Household income as % of supplementary benefit scales				Number of people in sample
	Under 140 (in poverty or on margins of poverty)	140-99	Over 200	All	
Northern Ireland	44.3	29.3	26.4	100	239
North-West	33.9	31.6	34.6	100	612
South-West and Wales	29.2	38.2	32.7	100	536
Scotland	29.1	31.2	39.7	100	526
Northern Yorks and Humberside	28.5	35.6	35.9	100	568
West Midlands	25.4	33.6	41.1	100	682
Anglia and East Midlands	24.9	33.6	41.5	100	497
South-East	24.2	36.8	39.1	100	797
Greater London	23.1	28.3	48.7	100	697
All regions	27.8	33.4	38.8	100	5,154

regions, the rank order remains virtually the same (with Scotland moving to second place and the North-West and South-West and Wales moving down a place). Poverty was widely dispersed among the nine regions. In the South-West and Wales there were estimated to be 440,000 people in income units below the state's standard, in Northern Ireland 460,000, in the South-East 490,000 and in Scotland 490,000. The remaining five regions all had more than 500,000; North-West 570,000; Greater London 570,000; Northern Yorks and Humberside 585,000; Anglia and East Midlands 585,000; and West Midlands 595,000. (Table A.16, Appendix Eight, page 1004.)

Population and Poverty

There were proportionately more elderly than young people, and more children than young and middle-aged adults who were poor. Table 7.10 shows the distribution by sex and age of those living below, and on the margins of, the state's standard, together with the proportions of each age group who were below or on the margins of the standard. More than half the poor were women and girls, and nearly two thirds of the poor were under 15 or over 65. Women were at a disadvantage at most, but not all ages. The proportion of women in poverty was higher than of men at all ages except under 15; and on the margins of poverty, higher at all ages except 30-44. The chances of living in households in poverty decreased sharply in adulthood. For both sexes, the chances did not vary much until the mid sixties, when they increased very sharply. As many as 51.6 per cent of men and 59.7 per cent of women aged 65 and over were living in households in poverty or on the margins of poverty. But, in

Table 7.10. Percentages of people in households in poverty and on the margins of poverty according to age and sex, and percentages of males and females of different age who were in such households.

Sex	Age	People in households with incomes according to the state's standard:		Percentage of each sex/age-group who are:	
		in poverty	on the margins of poverty	in poverty	on the margins of poverty
Male	0-14	17.9	15.3	8.1	24.8
	15-29	3.8	5.9	2.3	12.5
	30-44	5.1	8.6	3.4	20.6
	45-64	5.1	5.6	2.8	11.0
	65+	10.9	8.1	13.8	36.8
All ages		42.8	43.5	5.4	19.5
Female	0-14	13.4	16.5	6.5	28.7
	15-29	6.7	7.7	4.0	16.2
	30-44	5.8	8.4	3.8	19.8
	45-64	10.2	9.0	5.2	16.4
	65+	21.1	15.0	16.8	42.9
All ages		57.2	56.5	6.7	23.8
Total		100	100	6.1	21.7
Number		313	1,121	313	1,121

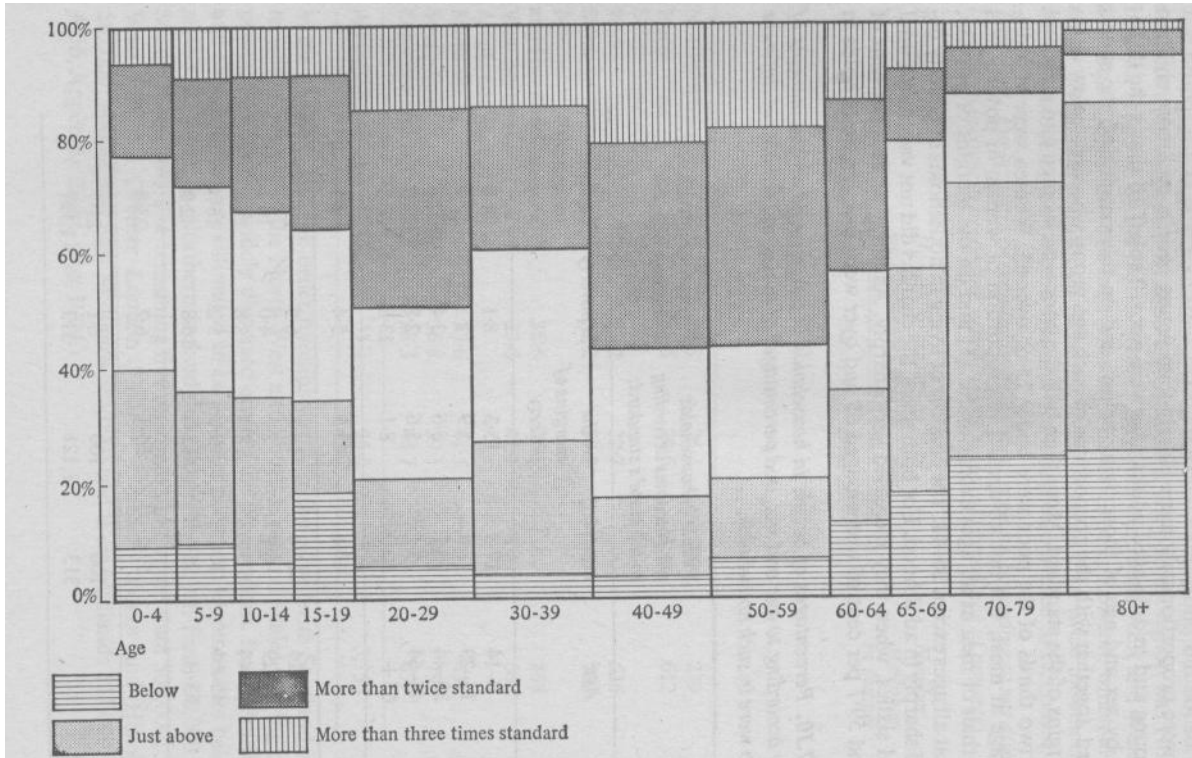


Figure 7.1. *The life-cycle of poverty: people of different age in income units with incomes in previous year above and below state standard.*

terms of popular suppositions, it should be noted that only 32 per cent of those in poverty by the standard of society itself were aged 65 and over, whereas an almost equal number, 31 per cent, were under 15. If those on the margins of poverty are added children become the largest single group.

The proportions of people of different age in income units, as distinct from households, who were in poverty or on the margins of poverty, are shown in Figure 7.1. The disadvantages of childhood and of old age are again evident, but the low incomes of (mainly manual and lower-non-manual) young people in their teens becomes an additional feature. During adult life, the proportions with incomes substantially above the state's standard reaches a peak in the forties, remaining high in the fifties and then declining sharply in the sixties. There is a sharp increase in the percentage of those with relatively low, and a decrease in the percentage with relatively high, incomes between the sixties and eighties.

By the alternative deprivation standard, more people were found to be in poverty, as already noted. This applied to each of the different age groups, but especially to children. While the supplementary benefit standard was lower than the deprivation standard for all types of household and income units, it was disproportionately low for households and units with children, especially adolescent children. By the alternative standard, more children are consequently found to be living in poverty.

Prosperity and poverty clearly change with age. This is a consequence, as we shall see, not just of the chances in middle life, for example, of earning more and having fewer dependants than in young adulthood, but also of accumulating or inheriting wealth by that stage. It is also a consequence of economic growth benefiting some age groups more than other age groups. Figure 7.2 provides in summary form a striking illustration of the fluctuating fortunes of the life-cycle. To the mean net disposable income of income units is added the annuity value of wealth. The resultant 'income' is expressed as a percentage of the supplementary benefit standard. The graph allows for direct taxes and expenses of going to work as well as dependency. By this measure, the poorest people were children under 5 and adults over 80.

The small numbers in some of the categories should be remembered. Households consisting of a man and woman have been divided into three groups according to their respective ages. The proportion of younger couples with incomes below or just above the standard was much smaller than of older couples. The two miscellaneous categories, one without and the other with children, also had fairly representative proportions with incomes below or just above the standard. The former included, for example, an elderly woman with a single adult daughter and two elderly sisters, or brother and sister. About a fifth of the latter were one-parent families; the rest included couples with two 'adult' children as well as younger children.

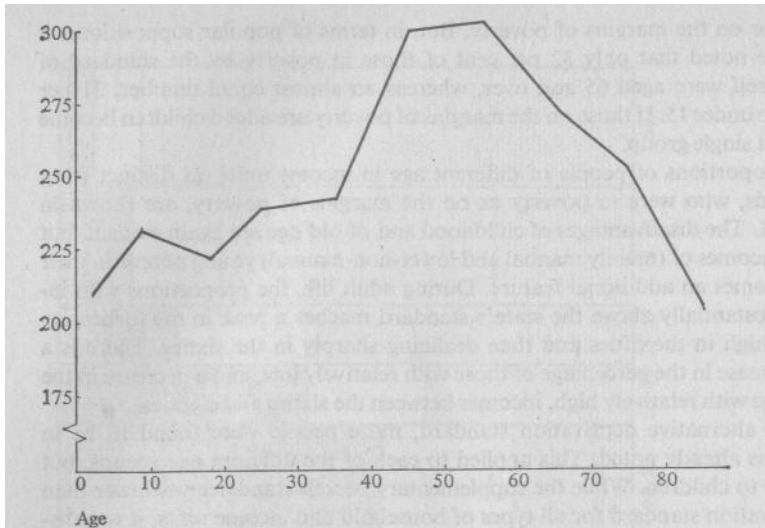


Figure 7.2. Mean net disposable income plus the income equivalent of wealth as a percentage of the state's poverty standard.

Families with Children

The proportion in poverty or on the margins of poverty increases with increasing size of family. There were 21 per cent of men and women with one child, 30 per cent with two children, 31 per cent with three and 69 per cent with four or more who had a net disposable income in the previous year of less than the standard or up to 40 per cent higher. By the criterion of the preceding week's income, the figures were 20 per cent, 28 per cent, 31 per cent and 52 per cent respectively.¹ The relationship between the two criteria of last week's and last year's income is shown in Table A.17 (Appendix Eight, page 1005). This brings out the fact that elderly households tend to have stable incomes while those in which there are children are much more liable to have fluctuating incomes. Thus, 37 per cent of two-child families were in poverty, or on the margins of poverty, in the previous year as a whole, although only 28 per cent had such experience in the previous week.

¹ Although the measures are not by any means identical, the roughly similar approach of the DHSS confirms this trend. As at December 1970, the number of families with less than 50 per cent more income than the 'augmented supplementary benefit level' was 10 per cent for families with one child, 14 per cent for families with two children, 22 per cent for families with three children and 35 per cent for families with four or more children. See DHSS, *Two-Parent Families: A Study of Their Resources and Needs in 1968, 1969 and 1970*, Statistical Report Series No. 14, HMSO, London, 1971, p. 8.

Marital status affected the chances of being in poverty. The poorest were those married but separated, whether legally or informally (women being poorer than men). Fourteen per cent had incomes below the state's standard, and another 22 per cent were on the margins. However, none of the small number of divorced people in the sample were in poverty and only a few were on the margins. Twelve per cent of the widowed were in poverty and another 38 per cent were on the margins. This high proportion was swelled by the number of elderly widows living on very low

Table 7.11. Percentages of households of different type with incomes in preceding week and preceding year of less than the supplementary benefit scales plus housing cost or up to 40 per cent higher.

Type of household	Last week			Last year		
	In poverty	On margins of poverty	Total no. 100%	In poverty	On margins of poverty	Total no. =- 100%
Man aged 60+	(10.5)	(50.1)	38	(8.1)	(51.3)	37
Man under 60	4.9	9.9	61	7.2	3.6	55
Woman aged 60+	16.3	60.0	190	20.0	57.9	190
Woman under 60	8.9	26.3	57	8.8	21.1	57
Man and woman	5.8	21.1	480	7.2	19.3	470
Man and woman over 60	8.4	39.3	168	9.4	33.1	166
Man and woman one over 60	3.7	31.6	54	7.6	28.9	52
Man and woman both under 60	3.3	6.4	217	1.9	7.1	213
Man, woman, 1 child	4.4	16.1	137	0.7	20.1	134
2 children	4.0	23.6	174	2.3	27.9	172
3 children	2.4	28.4	81	2.6	28.2	78
4+ children	(14.6)	(37.5)	48	(18.8)	(50.0)	48
3 adults	4.2	12.6	188	2.7	11.8	184
3 adults, plus children	2.3	15.4	130	1.6	12.8	126
4 adults	1.5	4.6	65	1.6	6.5	62
Others without children	9.0	10.6	66	7.5	15.1	66
Others with children	10.3	18.3	87	11.8	18.9	85
All types	6.7	23.7	1,803	7.1	23.8	1,764

incomes. On the other hand, the number of married and unmarried people living on incomes below the standard was slightly lower than average. Five per cent of the married were below the standard and another 19 per cent on the margins.

Type of Household

The differences between households of different type are therefore considerable. The poorest were those in which there were elderly men or women living alone and households with man, wife and four or more children. The least poor were those in which there were three or four adults and households consisting of men under 60 years of age who lived alone and married couples under the same age. The proportions having incomes in the previous week or year which were below or just above the state's standard are set out in Table 7.11. (The corresponding findings in relation to the deprivation standard are given in Table A.18, Appendix Eight, page 1006.)

The distribution is not so uneven between the different types of household according to the relative income standard. There were at least 25 per cent of

Table 7.12. *Percentages of persons in different types of households with gross disposable income below the deprivation standard.*

<i>Type of household</i>	<i>Percentage of persons in each type of household in poverty</i>	<i>Total no. = 100%</i>	<i>Percentage of persons in poverty</i>
Single person aged under 60	17.1	111	1.6
over 60	64.8	227	12.5
Man and woman both over 60	45.7	332	12.9
one over 60	23.1	104	2.0
both under 60	9.4	510	4.1
Man, woman, 1 child	5.2	402	1.8
2 children	16.3	687	9.5
3 children	25.7	389	8.5
4+ children	60.8	309	16.0
3 adults	12.5	554	5.9
3 adults plus children	19.0	603	9.8
4 adults	6.5	245	1.4
Others without children	13.9	183	2.2
Others with children	29.7	476	12.0
All types	22.9	5,137	100

households in each type who were below 80 per cent of the mean annual income for their type, but the figure is over 40 per cent for households consisting of three adults and children, man and wife and four children, older married couples and women under 60 who are living alone. (See Table A.19, Appendix Eight, page 1007.)

Because relatively higher allowances are adopted for dependent children, poverty is found to be more extensive when measured by the relative deprivation standard. Table 7.12 shows that among one-child families with two parents present there are 5 per cent in poverty, but the figure rises for families with two, three and four or more children respectively to 16 per cent, 26 per cent and 61 per cent. The percentages of elderly people living alone and in couples who are in poverty are extremely high. However, as the table shows, they account for rather less than a fifth of the people in poverty by this standard. Families with children under 15 account for well over half (that is, 58 per cent).

Birthplace and Colour

The national sample was not large enough for reliable information to be obtained about a variety of immigrant and ethnic minorities. There were 70 born in the Irish Republic, 57 in other parts of Europe, 101 in India, Pakistan, Africa and the West Indies, and 32 born elsewhere, about whom we gathered complete information on income, though, of course, there were some children of such groups born in the United Kingdom. Slightly more of those in the sample who were born in India, Pakistan, Africa and the West Indies than of those born in the United Kingdom were in poverty or on the margins of poverty, and a related analysis of people who were coloured showed the same trend. Fewer had relatively high incomes (see Table 7.13). (A fuller discussion will be found in Chapter 16.)

Employment Status and Occupational Class

There were much larger differences according to employment status. The first two columns of Table 7.13 show the household incomes as a percentage of the state's standard of all persons employed and self-employed during the year. The incomes of the self-employed are more dispersed. Not only are a larger proportion liable to have high incomes, but a much larger proportion are liable to have incomes below the state's standard. It should be remembered that the self-employed include smallholders as well as wealthy farmers, and those who keep tiny corner shops or stalls in the market as well as those who own prosperous stores. They also include general practitioners, parochial clergy and outworkers. Children and housewives are more liable than the employed to be in poverty, and the proportion of retired people both in poverty and on the margins of poverty is markedly larger than of any other major section of the population.

Table 7.13. Percentages of people with selected characteristics living in households below and above the supplementary benefit standard.

Characteristic	Net disposable income last year as % of supplementary benefit scales plus housing cost					Total	Number
	Under 100-39	140-99	200-99	300+	100		
<i>Birthplace</i>							
United Kingdom	6	22	33	29	10	100	4,895
Irish Republic	4	19	37	36	4	100	50
Elsewhere in							
Europe	4	18	44	16	18	100	57
India, West Indies, Africa and Pakistan	6	27	44	17	6	100	101
<i>Colour</i>							
White	6	22	33	29	11	100	5,020
Non-white	8	23	51	14	4	100	137
<i>Employment status^a</i>							
Employed	2	12	33	40	13	100	2,242
Self-employed	10	14	23	31	22	100	148
Not employed = children	7	26	40	20	7	100	1,447
Not employed = housewives	7	25	33	26	10	100	1,027
Not employed = retired	16	42	24	14	5	100	507
<i>Occupational status</i>							
Professional	3	6	15	32	44	100	296
Managerial	1	9	24	43	24	100	258
Higher supervisory	4	10	33	36	16	100	508
Lower supervisory	7	18	35	31	9	100	644
Routine non-manual	1	22	35	33	9	100	388
Skilled manual	6	25	37	24	7	100	1,644
Partly skilled manual	5	29	34	28	4	100	819
Unskilled manual	15	32	32	18	2	100	503

NOTE: ^aSome people are counted twice because they changed status in the year, e.g. from employed to retired, housewife to employed, and vice versa. Students, the long-term sick and disabled and the unemployed are excluded.

Finally, as to occupational class, there is a very marked correlation between occupational class and poverty. The population was divided into eight classes, by means of a revised version of an occupational classification developed by Carr-Saunders and Caradog Jones and amended in recent years by Professor Glass and others.¹ Table 7.13 shows that nearly half of the people whose occupations or, in the case of housewives and dependent children, whose husbands' or fathers' occupations, were manual unskilled were below or on the margins of the state's standard of poverty. The figure reduces to about a third of other manual occupations, a quarter of lower-grade supervisory and routine non-manual occupations and a tenth of professional, higher administrative and managerial occupations. The corresponding increase in the proportion having incomes of more than three times the standard is also noteworthy. It should, of course, be remembered that the classification includes retired people as well as those who are the dependants of people in employment. The correlation between occupational class and poverty is more striking if the retired are excluded.

Figure 7.3 provides a summary of the differences between the non-manual and manual classes in the proportions of different age groups experiencing poverty. In the graph, the incomes of income units rather than of households have been compared with the supplementary benefit scales. The overlap of the two lines in the late teens needs to be explained. The percentage of those aged 15-19 of non-manual occupational status who are poor is almost the same as of those of manual status. Partly this is because daughters of manual workers take junior office jobs, which are classified as non-manual, and because such jobs tend to be relatively low paid. For this age group more than for most age groups the separation of the unit's (usually individual's) income from that of the household as a whole can also be misleading. But, with this qualification, and without denying the existence of serious economic disadvantage for a substantial proportion of young teenagers, the difference between people of non-manual and manual status is substantial, at all ages, and in childhood is very marked indeed. This is one of the most important findings of the entire survey and will be explored in detail in subsequent chapters. The gap is even wider when owner-occupied homes and other assets are brought into the picture, as we shall see (especially in Chapters 9 and 10).

The graph has other features. In the twenties the proportion of people of manual status who are poor is relatively low, partly because many manual workers quickly reach a peak of earnings and partly because many of their families are not yet

¹ The eight-fold classification by sociologists was developed from a seven-fold classification used by Professor Glass in Glass, D. V. (ed.), *Social Class and Mobility*, Routledge & Kegan Paul, London, 1954. This was compared with the occupational classification used by the Registrar General and with the information collected in pilot work and the first stage of the main survey. The coding of 121 occupations (slightly under a tenth of the list finally used in coding) was amended. The classification is discussed in Chapter 10 and Appendix Six.

complete. The proportion rises in the thirties, when the number of dependants tends to be largest, and falls in the forties and fifties, when children leave school, enter paid work and leave home. Already by the early sixties, before men reach the usual pensionable age, the proportion is rising quickly. By the late sixties the number of people of manual status who are poor approaches 70 per cent, and the figure continues even to increase into extreme old age.

By contrast, relatively few young children of non-manual status are poor, nor is the same peak as for people of manual status reached in the thirties. This is

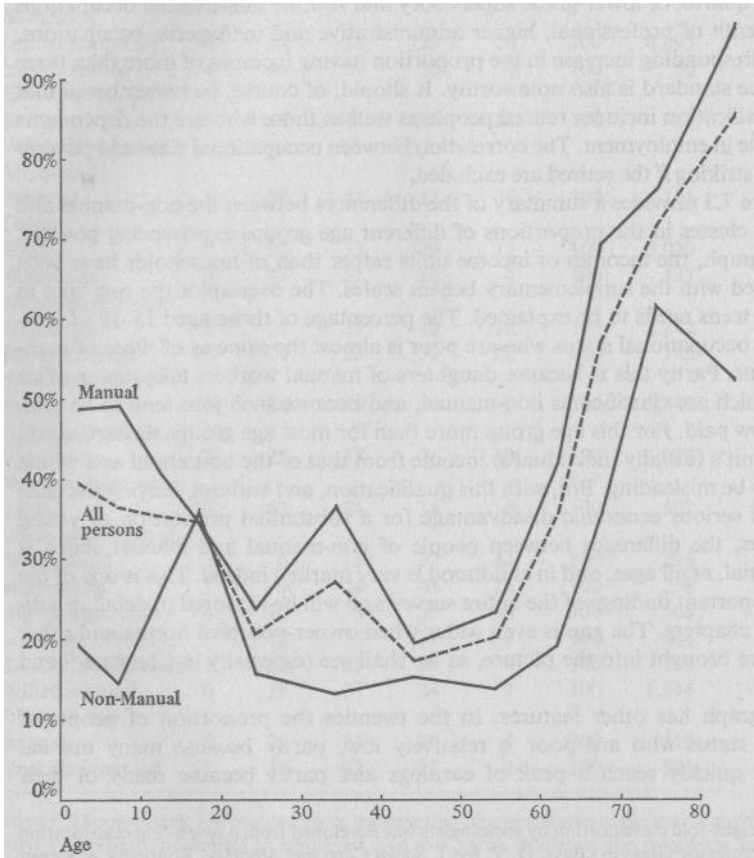


Figure 7.3. Percentages in income units with net disposable income in previous year below or just above the state's poverty standard.

because fewer (particularly among the non-manual workers of lower status) have large families and more are continuously employed and earn increments in middle life. Like people of manual status, the numbers who are poor rise in later life, but not sharply until the late sixties, and actually begin to diminish in the eighties.

Assets

There was a strong inverse relationship between the ownership of assets and poverty. Considerably over half those with no assets at all or negative assets were in poverty or on the margins of poverty, as Table 7.14 shows. On the other hand, nearly half those with more than £10,000 assets had an income of at least three times the social or government standard. The inclusion of owner-occupied housing in the valuation of assets accounts in large part for the fact that the proportion of people in households having more than £500 but less than £5,000 total assets who were poor or marginally poor is only a little below average. A number of these were people who were retired.

About a third of the poor and marginally poor had assets worth more than £1,000. On the other hand, about a quarter of those just beyond the margins of poverty had no assets at all, negative assets or only up to £100. Some were young people or families with above average earnings, but others included middle-aged couples living in council housing or other rented property whose children had grown up and left home and whose earnings were small. Such people had 'emerged' from poverty in the sense discussed earlier.

The relationship between other resources, especially assets or wealth, and cash incomes represents a major theme of this report. The problem of poverty might even be said to be perceptibly more pronounced when assets, for example, are brought into the picture. Earlier we showed how many were in poverty by the relative income standard - that is, had incomes of less than half the mean for their household type. Table 7.15 shows that if the annuity value of assets is added to income the dispersion of incomes becomes wider. There were 9 per cent of households having incomes, compared with 15 per cent having income net worth, of less than 50 per cent of the mean; and, at the other extreme, 4 per cent having incomes, compared with 5 per cent having income net worth, of 200 per cent or more of the mean. These tendencies apply to most types of household, as the table shows. By the criterion of having fewer than half the resources of households of the same type, then the inclusion of assets in the definition increases the proportion of the population in poverty.

Figure 7.4 takes the exercise one stage further, and can be compared with Figure 7.3. The annuity value of assets of each income unit has been added to non-asset income, and the resultant 'income' then expressed as a percentage of the supplementary benefit scales. Since more non-manual than manual families

Table 7.14. Percentages of people having different amounts of assets who were below or above the state's standard of poverty. Household assets

<i>Net disposable household income last year as % of supplementary benefit scales plus housing cost</i>	<i>More than £10,000</i>	<i>More than £5,000 but less than £10,000</i>	<i>More than £2,000 but less than £5,000</i>	<i>More than £1,000 but less than £2,000</i>	<i>More than £500 but less than £1,000</i>	<i>More than £200 but less than £500</i>	<i>More than £0 but less than £200</i>	<i>Zero</i>	<i>In debt</i>
300+	46	16	9	7	4	3	3	2	3
200-99	29	40	34	28	30	31	22	12	11
140-99	20	29	31	39	39	45	38	28	31
100-39	4	9	22	21	25	17	30	45	37
under 100	1	5	3	5	2	4	7	13	18
Total	100	100	100	100	100	100	100	100	100
Number	332	611	789	510	374	428	723	305	294

NOTE: The total number of people in the sample in households giving full information on assets as well as income was 4,366.

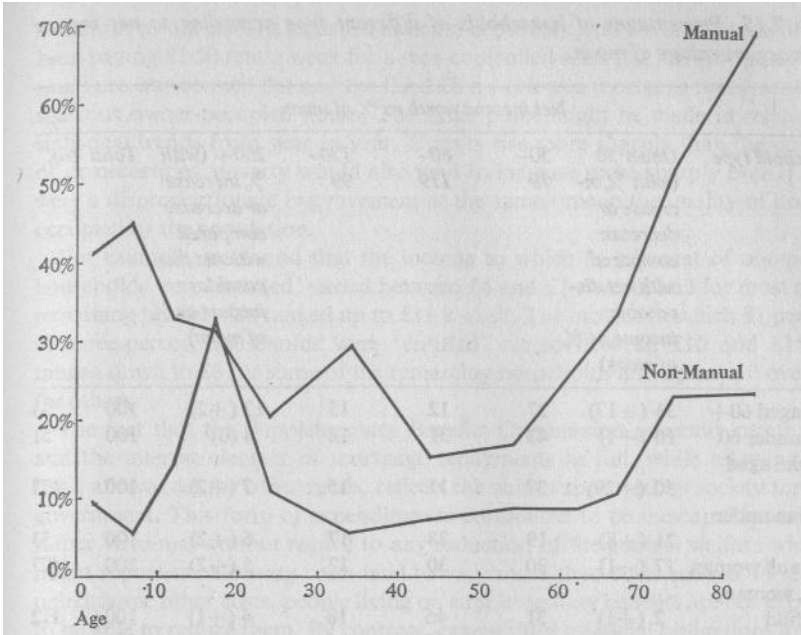


Figure 7.4. Percentages in income units who are below or just above the state's poverty standard after the income equivalent of their wealth is added to non-asset income in previous year.

held assets of more than negligible value, the difference between the two categories became wider for nearly all age groups, though the overlap in the late teens remained. The percentage of non-manual children remaining in poverty or on its margins was halved, whereas the percentage of manual children was only reduced by about a sixth. In old age the number of people of manual status who were poor fell more sharply, but still by less proportionately than that of people of non-manual status. This theme will be examined more fully in later chapters (especially Chapters 9, 10, 12, 17 and 18). When other types of resources as well as incomes are assessed, it becomes evident that poverty is a problem which predominantly affects the population of manual status.

Home-grown food was of only small importance to a minority of the poor. As many as 81 per cent of people with household incomes below or just above the state's standard said they had no benefit at all from home-grown food, and most of the rest put the value at less than 50p per week. Only 1 per cent of them said the value of such food was £1 or more per week.

Table 7.15. Percentages of households of different type according to net income worth as percentage of mean.

Household type	Net income worth as %of mean					Total	No.
	Under 50 (with % in- crease or decrease compared with net dis- posable income as % of mean)	50- 79	80- 119	120- 99	200+ (with %increase or decrease compared with net dis- posable income as of mean)		
Man aged 60+	33 (+17)	27	12	15	12 (+2)	100	33
Man under 60	10 (+1)	43	31	12	4 (0)	100	51
Woman aged 60+	30 (+29)	37	11	15	7 (+2)	100	173
Woman under 60	21 (+8)	19	38	17	6 (+2)	100	53
Man and woman	17 (-1)	30	30	17	5 (+2)	100	427
Man, woman, 1 child	2 (+1)	31	46	18	4 (+1)	100	112
2 children	7 (+3)	37	35	15	6 (+1)	100	142
3 children	3 (+1)	46	33	10	8 (+4)	100	61
4+ children	23 (+5)	54	9	9	5 (-3)	100	43
3 adults	10 (-2)	31	36	19	4 (+1)	100	157
3 adults, plus children	10 (+5)	41	35	10	4 (-1)	100	106
4 adults	4 (+2)	35	48	11	2 (+2)	100	52
Others without children	25 (+2)	29	25	14	7 (+1)	100	56
Others with children	20 (+9)	23	39	13	6 (+1)	100	71
All types	15 (+6)	33 (+3)	31 (-7)	15 (-4)	5 (+1)	100	1,537

NOTE: Selected increases or decreases in the percentages, compared with the corresponding distribution according to income, are shown in brackets.

Housing Cost and Poverty

One major weakness of the state's measure of poverty is that it includes the actual cost of housing. Three families of the same type might have identical incomes after

paying rent and, if they had a net income below the supplementary benefit standard, would each be regarded as being in poverty, and yet the first might have been paying £1.50 rent a week for a rent-controlled slum flat, the second £3 for a small pre-war council flat and the third £8 a week as a mortgage repayment on a spacious owner-occupied house. The same point might be made in relation to statistical trends from year to year. If rents rise more sharply than the costs of other necessities, poverty would also tend to increase more sharply even if there were a disproportionate improvement at the same time in the quality of housing occupied by the population.

For example, we found that the income to which 81 per cent of one-person households were 'entitled' varied between £4 and £7 a week, and for most of the remaining households ranged up to £11 a week. The income to which 81 per cent of three-person households were 'entitled' varied between £10 and £16 but ranged down to £8 for some of the remaining households and up to and over £20 for others.

The fact that the Supplementary Benefits Commission generally meets rents and the interest element of mortgage repayments in full, while allowing only basic allowances for other needs, reflects the values approved by society through government. This form of expenditure is considered to be inescapable and also rather virtuous, without regard to any reduction of the general welfare which it might represent. Housing costs tend to vary more than costs such as food and, unlike some other costs, people living on supplementary benefits are not expected to be able to reduce them. By contrast, expenditure on social obligations and relationships, including entertainment of family and friends, for example, is considered as a conventional indulgence if not an extravagance. One difference between the relative deprivation and state standards of poverty is that the former does not single out housing expenditure from other forms of 'necessary' expenditure for preferment.

In fact there is wide variation in the cost of housing. In 1968-9 a fifth of all households in the sample were paying under £1 per week, but another fifth £4 or more. The dispersion was wide for all types of household (Table A.20, Appendix Eight, page 1008). Substantial minorities of households consisting of man, wife and one or more children were paying £300 a year or more. The mean housing cost was £182 in the year. This includes all payments of rent, ground rent, rates, water rates and insurance on the dwelling, and mortgage interest payments and capital repayments, less the receipt of any rent and rate rebates. The costs of repairs and decoration are also included. For purposes of comparison, the average costs of housing for each of the principal tenure groups are given in Table 7.16 both for the sample and for the corresponding samples interviewed in 1967 and 1968 in the course of the Family Expenditure Survey. Though there are slight differences in the definition of housing costs for owner-occupiers, the mean costs for each of the tenure groups are broadly similar. The proportions of households in each tenure group are also similar.

The dispersion of expenditure on housing, when expressed as a percentage of net disposable household income, was also very wide within each type of household. Although, for example, different groups of households comprising a man, wife and one child, man, wife and two children, and so on, spent on average between 14 per cent and 16 per cent on their accommodation, this figure varied from under 5 per cent (for nearly one family in every ten) to over 20 per cent (for a third of one-child families and a fifth of four child families). Nearly a half of all women in the sample who were living alone spent 20 per cent or more of their net disposable income on housing. Altogether a fifth of all households in the sample spent under 5 per cent but a quarter 20 per cent or more of their income on housing (Table A.21, Appendix Eight, page 1009).

Table 7.16. *Percentages of households according to tenure and average expenditure on housing.*

Type of tenure	Percentage of all households				Mean housing in £ p.a.		
	Poverty Survey	Family Expenditure Survey			Poverty Survey	Family Expenditure Survey	
		1967	1968	1975		1967	1968
Renting council	28	30	30	32	135	119	130
Renting, privately unfurnished	17	18	18	11	107	106	115
Renting, privately furnished	5	4	3	4	192	185	207
Living rent-free (mainly employer)	3	1	3	3	4	10	7
Owner-occupied (in purchase)	24	26	26	29	259	452 ^a	305 ^a
Owner-occupied (owned outright)	24	20	20	21	55	44 ^a	42 ^a
Total	100	100	100	100	182 ^b	209 ^b	180 ^b
Number	2,050	7,386	7,161	7,203	-	-	-

NOTES: ^aThe imputed amount of rent which had been included in the housing expenditure of owner-occupiers in the FES reports has been deducted and expenditure on 'Mortgage and other payments for purchase or alteration of dwellings' (shown in the reports under 'other payments recorded') has been included solely in the 'in purchase' category. In fact, part of this figure is attributable to other tenures, especially outright owners, but information allowing apportionment is not published. The FES figure for 1967 is out of line with that produced for subsequent as well as previous years and is probably due to a few exceptionally large payments for housing among the households sampled.

^bThis figure includes tenants' and owner-occupiers' expenditure on repairs, maintenance and decoration. These costs are not apportioned between different tenure groups in FES reports.

These big variations were not confined to the more prosperous sections of the population. Table 7.17 shows that although the housing costs of people in households living on incomes below or just above the supplementary benefit standard tended to be lower than of other groups, nearly a fifth were paying £200 or more a year. Large numbers of those with high incomes spent comparatively little on housing. Indeed, disproportionately more of them spent nothing at all on housing. These were people who, because of employer subsidies, lived free of rent, rates and the cost of repairs, or regained any costs they incurred by subletting.

Table 7.17. Percentages of people in households with a net disposable income below and above the supplementary benefit standard, according to housing cost.

Annual housing cost (£)	Net disposable income as % of supplementary benefit scales + housing cost					
	Under 100	100-39	140-99	200-99	300+	All
0	3	1	4	5	10	4
Under 25	7	6	4	2	3	4
26-50	17	10	6	10	11	9
51-100	30	21	16	20	30	20
101-50	25	20	22	18	18	20
151-200	7	19	20	16	10	17
201+	12	23	28	29	18	25
Total	100	100	100	100	100	100
Number	313	1,122	1,721	1,464	537	5,157

Summary

Three measures of poverty were applied to the sample. By the state's standard (the basic supplementary benefit scales plus housing costs), 7 per cent of households were found to be in poverty and 24 per cent on the margins of poverty. The corresponding proportions of people were 6 per cent and nearly 22 per cent, representing 3,320,000 and 11,860,000 people respectively.

By the relative income standard (households having an income of less than 50 per cent of the mean for their type), 10.5 per cent of the households and 9 per cent of the people, representing 5 million, were in poverty.

By the deprivation standard (households having an income of less than a level below which deprivation tends to increase disproportionately as income diminishes), 25 per cent of households and 23 per cent of people in the sample, representing 12,460,000, were in poverty.

The proportion of people in the sample with experience in the year of short-term or long-term poverty, or marginal poverty, was even higher. There were 28 per cent who were below or just above the state's standard on average during the year, but the figure increases to 36 per cent if people who dropped to these levels for at least a short period in the year are added.

The numbers found to be living in poverty depend not only on the standard of measurement but also on the definition of the domestic unit. For many purposes, an assessment of the resources of income units, rather than of households, is to be preferred. It conforms with the administrative procedures of the Supplementary Benefits Commission, for example. Seventy-one per cent of households consist of only a single income unit. The number of people found to be living in poverty (according to the state's standard) is 6.1 per cent (or 3,320,000) when the 'household' is the unit of measurement, but 9.1 per cent, (or 4,950,000), when the 'income unit' is adopted for measurement.

The numbers found to be in poverty also depend on the definition of the resources which are to be measured. For their standards of living, many people depend partly, if not wholly, on resources other than cash incomes. The possession of assets (including homes) is highly correlated with income, and even when the annuity value of assets is added to income in estimating the numbers living below the social standard of poverty, the figure quoted above, for example, of 9.1 per cent (or nearly 5 million) is reduced only to 6.8 per cent (or 3.7 million). The majority of people living in poverty or on the margins of poverty have very few other resources. Indeed, their deprivation becomes more sharply exposed once such resources are brought into the reckoning.

The incidence of poverty was highest in one-person households, then households with five or more persons, and lowest among three- and four-person households. It was highest in Northern Ireland, followed by the North-West, Wales and the South-West and Scotland, and lowest in Greater London. Children were more likely to be in poverty than adults under the pensionable ages, women more likely than men, the separated and widowed more than the married and unmarried, the self-employed than the employed, and dependants also than the employed. Poverty was also closely correlated with social class, much the highest incidence being found among unskilled manual workers and their dependants.

Poverty was more common among elderly people living alone or in couples and among families with three or more children. These are the two most serious problems revealed by this analysis. More than half the retired were in households living in poverty or on the margins of poverty by the social or government standard.

Because relatively higher allowances are adopted for dependent children, poverty is found to be more extensive among families with dependent children by the relative deprivation standard than by the supplementary benefit standard. The figure rises from 5 per cent for families with one child to 16 per cent for families with two

children, 26 per cent for families with three and 61 per cent for families with four or more children. Families with children under 15 account for well over half the population in poverty, and the elderly for most of the remainder.