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Review of income-based poverty statistics

May 2021

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Executive summary

Why we did this review

ES.1   Poverty is an important social and economic issue in the UK. Yet there is currently no universally accepted definition of poverty. The evidence base for poverty in the UK has largely been driven by international best practice and successive government strategies aimed at eradicating poverty.

ES.2   The concept of poverty means different things to different people. This makes it difficult to define and measure. Despite this challenge, it is important for central and local governments to understand and address the nature of poverty in the areas they serve.

ES.3   The Department for Work and Pensions (DWP) and the Office for National Statistics (ONS) are the primary producers of official statistics on income-based poverty. However, there are a number of other official statistics producers working in this space, including the Northern Ireland, Scottish and Welsh Governments. For the purposes of this report, where we refer to 'statistics producers', this includes all of the producers who contribute to the income-based poverty statistics landscape. Where recommendations apply to specific producers, we will refer to them by name.

ES.4   A Government Statistical Service (GSS) Income and Earnings Coherence Steering Group was established in 2020, aimed at addressing the coherence and accessibility of income and earnings statistics. The group is made up of statistical leaders across DWP, HMRC and ONS, as well as representatives from the devolved administrations and academia, who are striving to improve the evidence base on income-based poverty, as well as income more broadly.

ES.5   There are also several prominent organisations outside of government that contribute to the wider evidence base on poverty. These include the Social Metrics Commission (SMC), which was formed in early 2016 with the goal of creating new poverty measures for the UK, as well as think tanks such as the Institute for Fiscal Studies, the Resolution Foundation and the Joseph Rowntree Foundation.

ES.6   When poverty is discussed in the public domain, it is often painted as a single statistic or trend which can mask the complexity of the underlying issue. The fact that there are multiple approaches to measuring poverty also means that measures can be used selectively, to suit a particular argument or point of view.

ES.7   We want to ensure that statistics on poverty provide a robust evidence base for national and local policy development and decision making. We champion the need for statistics to support a wide range of uses, including by charities, researchers and individuals.

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What we found

ES.8 **Three strategic improvements** are needed to support and deliver statistics that fully meet users' needs. These would represent a step-change in the way the statistics on income-based poverty are produced and will require continued joined up, collaborative working, to be achieved.

- The GSS Income and Earnings Coherence Steering Group needs to continue to collaborate and demonstrate leadership of the income-based poverty statistics landscape, to move away from producing a series of individual outputs to a more coherent and comprehensive evidence base.

- Statistics producers need to better understand how the income-based poverty statistics are being used across policy and service provision and how the evidence base can be improved.

- Innovation is needed for the statistics to deliver their full potential and serve the public good. Opportunities for data linkage should be maximised and data gaps should be addressed, building on work already underway in the GSS to explore the use of administrative data and its integration with social surveys.

ES.9 Information needs in the poverty space are multi-faceted and encompass a range of specialist interests and priorities. To meet these broad needs, poverty is most helpfully viewed as a basket of main measures. As such, one measure could not adequately meet all the differing needs that users have for poverty statistics.

ES.10 The current landscape of income-based poverty statistics is difficult for many to navigate and there is scope for signposting between the different statistics to be improved. The accessibility of language used in statistical bulletins and guidance accompanying the statistics could also be enhanced to support users' understanding.

ES.11 The number of people falling under the headline poverty line, drawn at 60% of median income, has remained stable over the past few years at around 14 million individuals. Focusing on this headline measure of poverty can mask important insights into the different levels of poverty experienced by different groups.

ES.12 Whilst this review is focused on income-based poverty, poverty is closely linked to many other aspects of people's lives, from employment prospects to health outcomes. Users we spoke to felt that the best mechanism for understanding people's 'lived experience' of poverty is through qualitative research. Such research is currently carried out by a number of organisations outside of government, including the Joseph Rowntree Foundation.

ES.13 Material deprivation is often used as a proxy for understanding the lived experience of poverty. The existing material deprivation statistics could be enhanced to ensure the questions are reflective of essential items and

services in society today, and that they are an appropriate discriminator of who is 'deprived' and who is not.

ES.14 Household surveys, which underpin most of the income-based poverty statistics, contain a number of data gaps. Users expressed concerns about the exclusion of the homeless and under-coverage of individuals with no recourse to public funds. There is also a lack of robust, granular data on ethnicity or sub-regional breakdowns in the data.

ES.15 There is untapped potential within administrative data to augment and improve existing income-based poverty statistics. Administrative data could be used to address historical issues with sample-based surveys such as timeliness and benefit-underreporting. The opportunities for greater use of administrative data are already being explored by DWP and ONS.

ES.16 There remains a substantial role for sample-based surveys in this space to ask the questions that administrative data cannot capture. These include questions on family structure, housing costs, certain sources of income and lived experience. However, there are limitations to these surveys which should be made more visible for less-expert users.

ES.17 Equivalisation scales are used in reporting on income-based poverty statistics to adjust household income, taking into account household size and composition. Many users told us that the current modified OECD scale used by official statistics producers in the UK is outdated and arbitrary. It also fails to account for a number of 'inescapable' costs such as disability, childcare and commuting costs. Users told us that there could be value in developing equivalisation methods for income statistics which are tailored more specifically by age and other demographic characteristics. ONS have already conducted some initial research into alternative methods of equivalisation.

ES.18 Statistics producers we spoke to as part of this review are engaged with the subject of poverty and understand how they contribute to the evidence base. Importantly, whilst they endeavour to provide clear briefing on complex data, the information is still sometimes misunderstood and misused by politicians.

ES.19 There is a lack of transparent communication of DWP's development priorities and plans for income-based poverty statistics. Decisions around development of the statistics need to be communicated openly to enhance confidence in the data. Government departments need to take a wider view of user needs and look beyond immediate policy needs.

ES.20 The GSS Income and Earnings Coherence Steering Group provides a cross-GSS vehicle to help producers address the recommendations set out in this report. The group has developed a vision statement and coherence and accessibility improvement workplan for income and earnings statistics in general, which will highlight the steps taken by the producers already with regards to the user need we have highlighted in this report. The group had plans to publish these outputs around the end of May 2021 at the time of our review.

Our recommendations

ES.21 The existing statistics on income-based poverty provide a good foundation for decision making but there are opportunities to improve the evidence base provided by official statistics. We have identified the following detailed recommendations for producers of poverty statistics:

Improve the accessibility of language and guidance

- Producers should look to provide **clearer and more detailed signposting** to other income-based poverty statistics in their bulletins.

- Producers should ensure supporting **guidance is accessible to lay users** and clear on the appropriate uses and quality of the statistics.

- Producers should consider the helpfulness of the **language** used in the poverty bulletins and accompanying guidance, to ensure that it does not risk confusing or misleading less-experienced users.

- DWP and ONS should ensure they are clear about the **strengths and limitations of household surveys**, particularly with regards to missing groups, and clearly set out the implicit and explicit assumptions that underline them.

Address data gaps to enhance insight

- Producers should do more to **draw out the necessary insights** to allow users to understand the nature of poverty and how this varies between groups at differing levels of poverty, as identified above.

- DWP and ONS need to understand why experts are funding their own data collections and analysis and consider whether this reflects weaknesses in the existing official statistics.

- To increase the public value of the existing statistics, DWP should:

  o review the current set of **questions which underpin material deprivation** and determine a way to compare material deprivation across groups, in collaboration with other producers across the GSS who use these questions.

  o increase the **consistency in the way it reports material deprivation**, as it currently reports material deprivation of children in households with less than 50% and 70% of median income but not at 60%.

- DWP and ONS should address the ethnicity data gap, as part of the wider GSS response to the findings of the Commission on Race and Ethnic Disparities' report.

- DWP should consider the **potential to extend the low-income families at a local area level analyses** to working-age adults without children and pensioners.

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Review existing methods and maximise use of administrative data

- DWP and ONS, building on existing work to explore the feasibility and **potential of social survey and administrative data integration**, should explore whether integration can help improve the timeliness and robustness of income-based poverty statistics.

- DWP and ONS should prioritise work to **address under-reporting at the bottom end of the income distribution**. They should consider a multifaceted approach to solving this problem, such as data linkage and making greater use of administrative data.

- DWP and ONS should look to understand and **address concerns about access** when introducing administrative data into the production of income-based poverty statistics.

- DWP and ONS should **determine the user need for a single data source on household incomes** by exploring the feasibility of consolidating the existing social surveys, as part of their existing plans in the new combined GSS Income and Earnings Coherence Work Plan. This could either be used to inform different publications, or to form the basis of a single set of statistics constructed from a consolidated data source, based on an understanding of user needs.

- DWP and ONS should look to better **understand the non-response bias** of their surveys, and ensure they are transparent with users about any potential bias.

- DWP and ONS should consider leading **a review of equivalisation methods**, in collaboration with other producers, building on the initial work conducted by ONS..

Command confidence in the statistics through trustworthy production

- DWP and ONS should **assess how the SMC recommendations can be implemented** in their own work to enhance the public value of their statistics. Any planned developments to the statistics should also be communicated in an open and transparent way.

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Introduction

Why the need for this review?

1.1   Poverty is an important social and economic issue in the UK. Successive government strategies have sought to eradicate poverty. However, the number of people in poverty has remained largely unchanged across multiple leading metrics over the last decade.

1.2   There is no universally accepted definition of poverty. As the concept of poverty means different things to different people, this makes it difficult to define and therefore measure. Despite this challenge, central and local governments need to understand the prevalence and nature of poverty in the areas they serve to ensure that targeted support can be put in place.

1.3   There are a number of different measures commonly used to understand income-based poverty that have been built around international best practice and successive UK government strategies concerning child poverty. In 1999, the government committed to eradicate child poverty in a generation and subsequently outlined the metrics it would use. These were absolute low-income (percentage below 60% of 2010/11 median income, adjusted for inflation), relative low-income (percentage below 60% of contemporary median income) and material deprivation (the inability to afford basic resources). These were in line with several other countries and organisations, such as the Organisation for Economic Co-operation and Development (OECD), which focus on absolute and relative low-income measures of poverty.

1.4   The commitment to end child poverty by 2020 was enshrined in law through the Child Poverty Act 2010. This created a legal duty on UK governments to produce strategies to address child poverty and established four UK-wide targets to be met by 2020. These were:

- For less than 10% of children to live in relative low-income families.

- For less than 5% of children to live in material deprivation and low-income families (for this target, low income is defined as below 70% of the median).

- For less than 5% of children to live in absolute low-income families.

- For fewer children to live in relative poverty for long periods of time (three years or more).

1.5   The Welfare Reform and Work Act 2016 abolished the Child Poverty Act and its targets. However, there remains a legal requirement in the Act for the UK government to regularly publish data on the number of children in poverty. The data are published by the Department for Work and Pensions (DWP) through its Household Below Average Income (HBAI) statistics, which are sourced from the Family Resources Survey (FRS), as well as through Income

Dynamics statistics derived from Understanding Society data collected by the University of Essex.

1.6   In addition to the statistics produced by DWP, the Office for National Statistics (ONS) also produces official statistics concerning income-based poverty, including statistics on household income inequality based on the Household Finances Survey (HFS) data. There are a number of other official statistics producers working in this space, including the Northern Ireland, Scottish and Welsh Governments. The devolved administrations also make use of HBAI data in their own publications. We have sought to collect users' views on using the HBAI data through these different publications, as well as directly from DWP, as experiences may differ depending on how users access the data. For the purposes of this report, where we refer to 'statistics producers', this includes all of these producers who work with income-based poverty statistics. Where recommendations apply to specific producers, we will refer to them by name. A full list of the relevant official statistics on income-based poverty are given in Annex B of this report.

1.7   Outside of the official statistics landscape, there are also several prominent non-government organisations that contribute to the evidence base on poverty. These include think tanks such as the Institute for Fiscal Studies and the Resolution Foundation who carry out secondary analysis of the FRS. Some organisations who carry out secondary analysis also produce their own analyses, such as the Joseph Rowntree Foundation (JRF) and its destitution study.

1.8   One organisation that has made an important contribution to the landscape of poverty statistics outside of government in recent years is the Social Metrics Commission (SMC). The SMC is an independent commission that was formed in early 2016 with the goal of creating a new approach to poverty measurement that better reflects the experiences of families across the UK and developing a consensus around how poverty should be measured. Led by the Legatum Institute's CEO Baroness Stroud, its membership draws together experts on poverty from different political and professional backgrounds.

1.9   In 2018, the SMC published its recommended approach to measuring poverty based on existing data and research. The SMC decided to focus its measure of poverty on the extent to which the material resources that someone has available to them now are sufficient to meet the material needs that they currently have. Alongside its measure of poverty, the SMC created a wider measurement framework which would report on three areas:

- The depth of poverty: to assess how far above/below the poverty line families are.

- The persistence of poverty: to assess how long families have been in poverty for.

- The Lived Experience of those in poverty: to assess a range of factors and characteristics that impact on a family's experience of poverty or are likely predicators of their poverty experience.

1.10   The measurements that inform the wider debate on poverty can be prone to misinterpretation and misuse. When poverty is discussed in the public domain, it is often painted as a single number or trend, which can mask the complexity of the underlying issue. The fact that there are multiple approaches to measuring poverty also means that measures can be used selectively, to suit a particular argument or point of view. We have received several complaints to date about the misuse of poverty statistics in political exchanges.

1.11   As the regulator of official statistics in the UK, we are in a unique position to take a broader and independent look at issues of importance to society and make the case for improved statistics. This is supported by our ability to convene and influence and highlight best practice from other sectors. This review forms part of our programme of Systemic Reviews which aims to drive improvements in the public value provided by statistics and is underpinned by the Code of Practice for Statistics. It is not our role to form a judgement on decisions about government policy nor suggest how policy can be improved to tackle poverty.

1.12   We want to ensure that statistics provide a robust evidence base for national and local policy development and decision making. We champion the need for statistics to support a wide range of uses, including by charities, researchers and individuals. Statistics should allow individuals and organisations to reach informed decisions, answer important questions, make the case for change and hold government to account.

Our review approach

1.13   We have focused this review on income-based poverty statistics, as these are the main measures referred to in the public debate on poverty. It is important to note that there are other ways of looking at poverty, such as health, education and crime outcomes.

1.14   We have looked at statistics across the four nations of the UK and considered income-based poverty statistics for working-age adults, children and pensioners.

1.15   We began our review of income-based poverty statistics in November 2020. After carrying out initial desk research, we explored with users whether the statistics:

- Answer the key questions about income-based poverty in society today.

- Tell a coherent story about poverty in the UK and provide a comprehensive evidence base to inform decision making on poverty.

- Are supported with sufficient guidance to help individuals understand how and when to use the statistics appropriately.

1.16 We know from our regulatory work that poverty statistics are used by a wide range of organisations and expert users. To inform our review, we carried out interviews, workshops and focus groups with individuals from a range of organisations with an interest in poverty statistics. This approach ensured that we obtained the views of a wide range of users from differing backgrounds. These meetings took place between January and February 2021.

1.17 Full details of the organisations that took part, the statistics landscape and a glossary of key terms are provided in the annexes to this report.

Our findings

Based on our conversations with statistics users, and our own observations and research, it is clear that while the existing statistics on income-based poverty provide a good foundation for decision making there are opportunities to improve the evidence base provided by official statistics. This section outlines our findings of this review. We highlight good practice as well as areas that require improvement.

There is scope to make poverty statistics more accessible

Poverty is most helpfully viewed as a basket of measures

2.1   Defining 'poverty', even solely in terms of income, is no easy feat. By its very nature, poverty means different things to different people, and there is no universal consensus on how it should be defined. Users we spoke to often referred to a so-called 'basket of measures' on income-based poverty. The most widely used measures in this 'basket' are drawn from the Department for Work and Pensions' (DWP) Households Below Average Income (HBAI) statistics and include relative and absolute measures of poverty, calculated both before and after housing costs. Users told us that it is helpful to have different metrics which highlight different aspects of poverty, and which serve different purposes.

2.2   We found that user needs in the poverty space are multi-faceted. These range from policymaking and service provision to lobbying and campaigning, and encompass a broad range of specialist interests and priorities. In order to meet these needs, we consider having a variety of measures is most beneficial to users.

2.3   The Social Metrics Commission (SMC) advocates for a singular 'headline' measure of poverty, to prevent the perceived 'cherry-picking' of statistics in public debate and to create consensus across parties as to how progress on poverty should be measured. Whilst a single measure would prevent the selective use of statistics, focusing on one measure risks masking the many nuances about the nature of poverty in the UK. Users told us that it would not be feasible to try to attach income-based poverty to one headline measure and could also create barriers to holding government to account on poverty. Given this, we consider that one measure could not adequately meet all the multi-faceted and differing needs that users have for poverty statistics.

Signposting between existing statistics on income-based poverty could be improved

2.4   Whilst users prefer having a 'basket' of the main measures on income-based poverty over one headline indicator, we found that the current landscape of poverty statistics is difficult for many to navigate. Some users we spoke to were unaware of statistics that they would find useful for the purposes of their work, for example, that the Office for National Statistics (ONS) publishes its

own household income statistics which are sourced from different data to the Family Resources Survey (FRS).

2.5 Some signposting between the different statistics on income-based poverty does already exist to an extent, and we are pleased that DWP has introduced clearer links to other publications in the latest FRS publication. We consider, however, that there is still scope for this signposting to be improved, as even experienced users we spoke to were unaware of some relevant statistics.

2.6 To meet this need, a central landing page or guide to sources which outlines the various income-based statistics on poverty and the different purposes they serve, would be helpful. This guide should set out the main measures of poverty, represented by the HBAI statistics, whilst also acknowledging other publications that serve more specific purposes – such as those on persistent poverty or in-work poverty. We are aware that this could create a significant additional resource burden for producers and **recommend that, in the short-term, producers should look to provide clearer and more detailed signposting to other income-based poverty statistics in their bulletins.** The GSS Coherence team in ONS could look to build on the guide to sources of data on income and earnings that was developed in response to our 2015 systemic review of the Coherence and Accessibility of Official Statistics on Income and Earnings.

2.7 The current guidance accompanying income-based poverty statistics is largely tailored to a more expert audience. Whilst experienced users and researchers told us that the guidance is thorough, we consider that a reasonable member of the public could not easily find what the statistics cover, the underlying assumptions and limitations and appropriate uses.

2.8 As an example, there is confusion among users as to how ONS's Household Income Inequality statistics differ from those published by DWP. These are two different sources of information on household income within a similar timeframe and now a similar sample size. Whilst guidance covering the differences is available, it is difficult for users to access and understand what statistics should be used and when.

2.9 **Producers should ensure supporting guidance is accessible to lay users and clear on the appropriate uses and quality of the statistics.** Producers could look to the Welsh Index of Multiple Deprivation as an example of best practice – where a simplified guidance note is supplied for the more general user, alongside detailed methodology notes for analytical users.

2.10 If guidance accompanying the statistics gives clear judgements on the fitness for purpose of different poverty measures in different contexts, this could help mitigate the risk of selective use of poverty statistics in public debate.

The language and terminology of the statistics could be clearer

2.11 The accessibility of language used in statistical bulletins and supporting guidance for income statistics could also be enhanced to support users' understanding. The HBAI statistics produced by DWP are widely regarded as

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the leading indicators on income-based poverty, despite there being no explicit reference to the word 'poverty' anywhere in the statistics bulletin or supporting guidance. We recognise that HBAI reports on low-income which is a quantifiable measure, rather than a subjective concept such as poverty. As one of the primary uses of the statistics is to describe poverty, it would be helpful if the guidance accompanying the HBAI bulletin made the uses of the data clearer. This would help users to reconcile public statements on poverty with the HBAI data.

2.12   The HBAI statistics report on both absolute and relative low-income, with relative low-income referring to household income below 60% of the median and absolute low-income meaning income below 60% of the 2010/11 median, adjusted for inflation. We found that the word-choice of 'absolute' can be easily misinterpreted as referring to people in the most abject or extreme levels of poverty, rather than 'absolute' in the quantitative sense. Users suggested that alternative terminology such as 'anchored' low-income might be more helpful and avoid issues of misinterpretation.

2.13   Many of the income-based poverty statistics cover households. However, there are a number which refer to families instead. This can result in statistics and terms being used interchangeably when they actually describe different concepts. A family (or benefit unit) is a single adult or a couple living as married and any dependent children, whereas a household can consist of one of more families who may not necessarily be related. Some users we spoke to also shared concerns around the impact of the changing state pension age on the way pensioners are counted and reported, and how this then creates confusion when comparing with statistics which report the number of retired individuals rather than pensioners.

2.14   There can also be confusion around the distinction between poverty and deprivation. Although the differences between the two are nuanced, they ultimately refer to different things. Poverty statistics, as we have set out in the introduction to this report, are focused on a lack of income. Deprivation statistics aim to capture a broader lack of resources and access to services, in which a lack of income forms just one part of deprivation. This is not always made clear for users, which leads to the terms being used synonymously and incorrectly. This is a particular concern when it comes to regional breakdowns of data, as the lack of sub-regional breakdowns of data on low-income can lead to users relying on the indices of multiple deprivation (which disaggregate to local area level) as an alternative.

2.15   **We recommend that statistics producers consider the helpfulness of the language used in the poverty bulletins and accompanying guidance, to ensure that it does not risk confusing or misleading less-experienced users.**

Statistics need to look beyond the poverty line

The headline measures mask the changing dynamics of poverty

2.16 The headline 'poverty line', drawn in HBAI at 60% of median income, is widely used as the level at which to describe individuals being in poverty. Whilst some users we spoke to feel that this line is not drawn at the right level, most argued that there is no clear rationale for the line to be drawn at any particular point and that there will always be people around the margins of the line who are experiencing poverty but who are not captured by the data.

2.17 The number of people falling under this poverty line has remained stable over the past few years, at around 14 million individuals. However, we found that only looking at the headline poverty line can mask what is happening to different groups both above and below this line. For example, whilst the number of people falling under the poverty line may not have changed, it is important to understand whether, within that group, there are increasing numbers of people facing the most severe levels of poverty. Without this distinction, policies and support cannot be effectively targeted towards those most in need.

2.18 We found that users are increasingly interested in understanding who is experiencing 'deep' poverty. Whilst there is no consistent definition of deep poverty, it is generally used to refer to those at the lowest end of the income distribution. Users we spoke to were also interested in understanding people's transitions in and out of poverty, and how long they remain in poverty, in order to assess how difficult it is for those just below the poverty line to alleviate themselves from poverty compared to those in deep poverty.

2.19 The importance of understanding the composition of poverty below the headline poverty line has been highlighted by the SMC in their poverty measurement framework. The framework focuses on understanding the depth and persistence of poverty, as well as measuring how many people are in poverty overall.

2.20 DWP publishes the HBAI low-income measures at 50% and 70% of median income, alongside the leading 60% metric, to allow users to understand what is happening just above and below its headline poverty line. It also publishes Income Dynamics statistics, based on Understanding Society longitudinal data which tracks sampled individuals over time and can therefore provide insight on the persistence of poverty across different groups. The Income Dynamics statistics present a wealth of data on how persistent low-income varies for different household formation, tenure and regions. In the latest release, the Income Dynamics statistics included new information on entry and exit rates to low-income and explored the extent to which certain 'events' are associated with low-income entry and exit, such as changes in income components (e.g. earnings and benefits), employment within the household, and demographic changes.

2.21   ONS also publishes statistics on persistent poverty as part of the European Union Statistics on Income and Living Conditions (EU-SILC). As the UK has now left the European Union, there is no longer a requirement for ONS to publish these statistics, but it told us that it plans to work with DWP to produce a coherent set of persistent poverty statistics, that makes best use of data available to both producers.

2.22   We found that there is a good foundation of information available to understand the numbers of people above and below the headline poverty line and movement in and out of poverty, but that **statistics producers should do more to draw out the necessary insights to allow users to understand the nature of poverty and how this varies between groups at differing levels of poverty, as identified above.**

Income alone can't tell you how people experience poverty

2.23   Whilst this review is focused on income-based poverty, it is widely understood that poverty is closely linked to many other aspects of people's lives, from employment prospects to health outcomes. As part of its 'Improving Lives: Helping Workless Families' policy, DWP publishes data against nine national indicators to track progress in tackling the disadvantages that affect families and children's outcomes. These are divided into two main groups, one focused on the prevalence of parental disadvantages, including entrenched (long-term) worklessness, family breakdown, problem debt, and drug and alcohol dependency. The other group of indicators track children and young people's educational and employment outcomes.

2.24   When the SMC was formed, it sought to develop a framework for reporting on the wider experiences of people in poverty as part of their new measure of poverty. With this in mind, the SMC has recommended a set of 'lived experience' indicators to reflect a family's experience of poverty and the factors that make it more likely for them to be trapped in poverty. These contextual indicators cover four domains: health; labour market opportunity; family, relationships and community; and family finances. These indicators were developed based on data which are already available in official statistics, but these are not currently collected in a single source.

2.25   We found that users are divided on the need for 'lived experience' indicators in income-based poverty statistics. Some users we spoke to feel that the absence of contextual data on poverty has led to income often being seen as the only policy lever for tackling poverty. They feel that, in order to introduce targeted interventions, it is important to understand the relationships between income and various non-income indicators such as education, health and crime measures. This would require data to be available which links these factors to income measures.

2.26   Other users we spoke to question the concept of 'lived experience' and feel that some of the proposed SMC indicators are instead 'lifestyle' indicators. For example, an individual's addiction may be unrelated to their level of income. There are also questions surrounding what the average 'lived experience' is

and how this might differ for different age groups and backgrounds. The experience of poverty will also vary depending on the reasons why a person or family ended up in poverty, which can be complex and therefore difficult to capture through contextual indicators.

2.27   We found that many users feel the best mechanism for understanding 'lived experience' of poverty is through qualitative research - a process of collecting and analysing non-numerical data, which often includes interviews with individuals who have personally experienced poverty. Users we spoke to generally feel that it is the role of researchers and think tanks with an interest in poverty and low income to carry out this type of research which supports the wider evidence base on poverty. This was particularly clear when talking to users about their interest in understanding the drivers and pathways to poverty, as well as the consequences of being in poverty, such as the concept of 'poverty premium' (the additional costs poor people may pay for essential goods and services). Users told us that researchers and think tanks who have experience of working with people whom the data concern are often best placed to present data on the drivers and impacts of being in poverty.

2.28   Several users pointed to the work of the Joseph Rowntree Foundation (JRF) as an example of this type or research – particularly its work on destitution. The JRF's destitution study aims to capture those who do not have the essentials needed to eat, stay warm and dry, and keep clean. The 2020 report is the third in a series of mixed methods 'Destitution in the UK' studies, which integrate findings from a major quantitative survey of users of crisis services with qualitative data from in-depth interviews with a purposively selected sample of destitute respondents. Users we spoke to feel this work adds public value to the evidence base on poverty and highlights the experience of those in the deepest levels of poverty and their interaction with essential services.

2.29   Non-official research on income-based poverty, including the JRF Destitution studies and other statistics set out in Annex B of this report, come at a significant cost to the organisations who produce them. **DWP and ONS need to understand why experts are funding their own data collections and analysis and consider whether this reflects weaknesses in the existing official statistics.** They should also consider whether there is a role for them to address any of these weaknesses, if discovered, or whether users prefer qualitative research to be produced by organisations outside of government and official statistics.

Material deprivation is seen as a more tangible way of talking about poverty

2.30   As well as the measures of low-income, DWP's HBAI statistics include data on material deprivation. These data record the self-reported inability of individuals or households to afford particular goods and activities that are typical in society at a given point in time, irrespective of whether they would actually choose to have these items. Material deprivation is a metric used to understand living standards.

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2.31   A suite of questions designed to capture the material deprivation experienced by families with children has been included in the FRS since 2004/05. These data fed into the Child Poverty Act 2010 target on children who are materially deprived, and meet the legal requirement for government to produce metrics on child poverty, as set out in the Welfare and Work Act 2016. In the FRS, respondents are asked whether they have 21 goods and services, including child, adult and household items. If they do not have a good or service, they are asked whether this is because they do not want them or because they cannot afford them.

2.32   The original list of items was identified by independent academic analysis in 2004: Developing deprivation questions for the Family Resources Survey. The questions were designed to be the best discriminator between those families that are deprived and those that are not. A new suite of material deprivation questions was later developed specifically for pensioners. However, no questions currently exist to report material deprivation for working-age adults without children.

2.33   Users we spoke to told us that material deprivation is often an easier poverty concept to communicate than income thresholds, as the public tend to associate poverty with a lack of resources, rather than just a lack of income. We also found that many users feel material deprivation can be used as a proxy for lived experience of poverty. Material deprivation is included in the SMC's 'lived experience' indicators.

2.34   DWP already produce statistics within HBAI on children in 'combined low income and material deprivation' for children in families which are classed as materially deprived and have an equivalised household income below 70% of median income before housing costs, and statistics on children in 'severe low income and material deprivation', where the equivalised household income is below 50% of median income before housing costs. DWP are considering ways to improve or extend these statistics to provide users with a better understanding of those in deep poverty who lack essential resources and income.

2.35   Although users we spoke to find the DWP's material deprivation statistics useful, they raised concerns about the suitability of the current set of questions and whether they are reflective of essential needs in society today. The HBAI methodology document states that the questions are kept under review, with the last update taking place in 2010/11. Some users pointed to JRF's Minimum Income Standards (MIS) research as representing a more reflective set of basic needs in society today. This research is based on what the public has said is needed for a decent minimum living standard, as opposed to essential items and services. The MIS are updated more regularly than the material deprivation questions.

2.36   We found that the current material deprivation questions are weakened by the lack of clarity in some of the questions – for example around holidays, where a holiday is not defined as being in the UK or abroad, an answer which may

involve dramatically different costs. Similarly, the questions on material deprivation do not ask individuals about their income. If your income is above the poverty lines drawn in HBAI, it is still possible to be classed as materially deprived, but not considered to be in poverty. The material deprivation measure therefore needs to be considered alongside the low-income measures for it to be meaningful. There is also currently no way to compare material deprivation across different groups for example, couples with children, without children and pensioners.

2.37 **To increase the public value of the existing statistics, DWP should:**

- **review the current set of questions which underpin material deprivation and determine a way to compare material deprivation across groups, in collaboration with other producers across the GSS who use these questions.**

- **increase the consistency in the way it reports material deprivation, as it currently reports material deprivation of children in households with less than 50% and 70% of median income but not at 60%.**

Identifying and addressing data gaps will enhance insight

Household surveys contain important data gaps and assumptions

2.38 We identified a number of data gaps in the coverage and granularity of income-based poverty statistics. In particular, the homeless and those not resident in private households are systematically excluded from statistics based on surveys that sample on a household basis. A number of users also highlighted concerns that individuals with no recourse to public funds may be more likely to be missed from surveys that sample on a household basis. These users told us that these groups are more likely to be living at the lowest ends of the income distribution and therefore an important omission from the statistics. The UK Statistics Authority's Inclusive Data Taskforce, who were established in October 2020 by the National Statistician to improve the UK's inclusive data holdings across a broad range of areas, have an interest in addressing data gaps concerning the non-household population.

2.39 Household surveys conducted by ONS and DWP also contain some crucial underlying assumptions about the structure of households that may affect interpretation of the statistics. For example, a number of users raised the issue that household surveys assume equal sharing of income, which might result in household members who receive an unequal distribution of income being 'hidden' in the statistics. **DWP and ONS should ensure they are clear about the strengths and limitations of household surveys, particularly with regards to missing groups, and clearly set out the implicit and explicit assumptions that underline them.**

The presentation of subgroups masks nuances of how these groups are affected by poverty

2.40 In the past, conversations around poverty were largely focused on those who have no earnings and rely on benefits for income. Public debate has moved on in recent years to include the concept of 'in-work poverty'. We found that the statistics published by DWP and ONS provide a good base of information on the number of people in in-work poverty. Users told us, however, that more could be done to differentiate the causes of in-work poverty as this umbrella term masks a variety of different reasons why someone may be in in-work poverty. For example, it would be helpful for the statistics to break down whether the individual is in in-work poverty due to low wages, low hours or because of other factors. DWP and ONS should provide clarity on the different reasons why individuals might be in in-work poverty in their bulletins, to support users' understanding, and consider whether it is possible to produce breakdowns for the reasons someone is in in-work poverty.

2.41 The relationship between ethnicity and poverty is of particular interest to a number of users. The data collected in FRS is presented in some of DWP's bulletins at a high-level breakdown of Black, Asian, Mixed, Other and White. Separate data is published in the HBAI data tables and on the Race Disparity Unit's Ethnicity Facts and Figures website for Indian, Pakistani, Bangladeshi, Chinese and Other Asian Groups. Whilst FRS does collect subgroups of ethnicity, the quality and granularity of this data can often be limited by small sample sizes. The limited sample sizes are also a concern for ONS's data on household income as well.

2.42 Users raised concerns that the current presentation of ethnicity in the statistics masks differences in poverty rates for particular ethnic groups, for whom qualitative research points to them being more likely to be in poverty. For example, there are known differences in poverty rates for Pakistani and Indian ethnic groups. We found that many users are increasingly interested in the relationship between poverty and the intersectionality of personal characteristics. However, the limited sample sizes for individual ethnic groups prevents robust multivariate analysis from being carried out. **We recommend that DWP and ONS address the ethnicity data gap, as part of the wider GSS response to the findings of the Commission on Race and Ethnic Disparities' report.** We are pleased to hear that ONS is already investigating the feasibility of ethnicity boosts to its household finance surveys and would encourage statistics producers to share their knowledge and approaches in this area. Planned boosts to DWP's FRS sample in the future may also go some way to improving analysis for ethnic groups.

There are a lack of sub-regional breakdowns in income-based poverty statistics

2.43 The UK government's 'Levelling Up Agenda' has created a significant appetite amongst users for data on household income that is disaggregated by geographical location. We found that local authorities and councils, as key

users of data on poverty require strong sub-regional data to support local interventions. They feel that sub-regional breakdowns are a significant data gap in income-based poverty statistics as poverty rates can vary considerably between regions and within cities. These gaps impede planning and policymaking at smaller levels of geography. In the absence of good, granular data on income, some users turn to the Indices of Multiple Deprivation to try and understand poverty at a local area level by using deprivation as a proxy for poverty.

2.44 In March 2020, DWP and HMRC produced a new joint-release for the first time on children in low-income families (CILIF) at a local area level. These statistics bring together administrative data from HMRC and DWP on benefits and child tax credits, which is then combined with survey data from HBAI to provide a more granular picture of low-income amongst families with children at a local area level. From 2021, this release is now solely produced by DWP. Users are very positive about this release and we found that it is being used widely to understand how low-income varies between regions. We heard from users that they would like this analysis to be rolled out across other groups, such as working-age adults without children and pensioners. **We recommend that DWP considers the potential to extend the low-income families at a local area level analyses to working-age adults without children and pensioners.** The planned sample boost to the FRS could go some way in addressing gaps in sub-regional analysis going forward. Some users raised concerns about the coherence of regional breakdowns in CILIF with the national breakdowns available in the HBAI statistics. The CILIF statistics are coherent with HBAI data by their construction, however, the feedback we received from users indicated that which statistics they are constrained to could be made clearer.

There are opportunities to innovate and improve data quality

Greater use of administrative data would improve poverty statistics

2.45 Many of the leading indicators on income-based poverty rely on social surveys such as DWP's FRS and ONS's Household Finance Survey (HFS). Whilst there are many advantages to the survey-based approach, users we spoke to identified that there is untapped potential within administrative data to further augment and improve existing income-based poverty statistics.

2.46 One area of potential that DWP and ONS are already working on is the use of linked administrative data to improve the timeliness of income-based poverty statistics. The household income surveys underpinning these statistics are produced annually and can be lagged by up to 15 months from the reference period. The COVID-19 pandemic has increased users appetite for timely information and, in regards to poverty, it will be over a year before the effects of the pandemic on poverty will be seen in the data. We are pleased to hear DWP and ONS are considering the timeliness of the income-based poverty

statistics as a priority, to enhance the public value of these statistics. ONS has already developed a set of admin-based income statistics.

2.47   The SMC's recommendations for measuring poverty noted the absence of liquid assets, such as savings, in the existing official statistics on poverty and explored how this affects the data. While wealth and assets are not components of income, the absence of them in income-based poverty measures can lead to households wrongly appearing to be poor, if they report low incomes but have high levels of wealth in the form of assets. **We recommend DWP and ONS, building on existing work to explore the feasibility and potential of social survey and administrative data integration, explore whether integration can help improve the timeliness and robustness of income-based poverty statistics.**

2.48   As with most surveys of their kind, the household income surveys produced by ONS and DWP have historically had problems with undercounting of benefit receipts in the data they collect. In a submission to our review, the Resolution Foundation raised the issue of benefit under-reporting in social surveys. It found, for example, that around £40 billion a year in benefits was missing from the FRS in 2016/17.This is due to a number of issues, such as people forgetting or underestimating certain sources of their income when they respond to surveys, or respondents not being willing to disclose that they are on benefits. DWP and ONS do acknowledge the existence of this issue in their bulletins, and are considering steps to address benefit misreporting in the FRS.

2.49   Another known limitation of sample-based surveys of household income is that they consistently under-report income at both the top and bottom of the income distribution. In its effects of taxes and benefits publication, ONS recently introduced an adjustment to address survey under-coverage of the richest households, using administrative tax data. DWP have also been using admin data to adjust for under-coverage of high-income households for a number of years. We are pleased to see the approach that both producers have adopted here. **We encourage DWP and ONS to prioritise work to address under-reporting at the bottom end of the income distribution. They should consider a multifaceted approach to solving this problem, such as data linkage and making greater use of administrative data.**

2.50   We found that the opportunities for administrative data need to be balanced with accessibility concerns. When speaking to producers in the devolved nations, we heard concerns that the devolution of Scottish benefits may cause short-term disruption to their access to benefits data, which would impact the timescales for achieving the ambition of introducing administrative data into the HBAI statistics.

2.51   We also heard from researchers who had concerns about access to the FRS microdata being increasingly restricted if the dataset becomes larger and more sensitive with the addition of administrative data. **We recommend that DWP and ONS understand and address concerns about access when**

introducing administrative data into the production of income-based poverty statistics. We are pleased to hear from DWP that they are alert to these issues and are working with the Scottish Government to develop a solution.

There is still a role for social surveys but their limitations should be made clearer

2.52 There remains a substantial role for social surveys in this space to ask the questions that administrative data cannot capture – including around family structure, housing costs, certain sources of income and lived experience. Surveys play a vital role in uncovering answers to key questions around poverty and will continue to do so going forward.

2.53 For the first time, ONS's Household Income Inequality statistics for 2019/20 were produced using a new combined data source called the Household Finance Survey (HFS). This combines data from the Living Costs and Food Survey (LCF) and the Survey on Living Conditions (SLC). The combined data source provides a sample survey of around 17,000 private households in the UK. This is just under the sample size for DWP's Family Resources Survey (FRS) in 2019/20 of 19,000 households. Users told us that it is confusing to have two sets of statistics on household income where it is not clear what the relative strengths of each series are. They expressed a desire to have a single and more complete source of data on household incomes. ONS and DWP told us that the new combined strategic vision and GSS Income and Earnings Coherence Work Plan reflects all aspects of striving to improve coherence. **We recommend that DWP and ONS should determine the user need for a single data source on household incomes by exploring the feasibility of consolidating the existing social surveys, as part of their existing plans in the new combined strategic vision and GSS Income and Earnings Coherence Work Plan. This could either be used to inform different publications, or to form the basis of a single set of statistics constructed from a consolidated data source, based on an understanding of user needs.**

2.54 A number of users also cited concerns around the non-response bias of surveys such as the FRS, which can lead to certain demographic groups being overrepresented in the statistics at the expense of others. Producers should also ensure they are transparent with users about potential bias in survey response rates, and how this affects the reliability of results. We are pleased to hear DWP is taking forward a large scale boost of the FRS from April 2022, and of ONS's research into targeted sample boosts in its household finance surveys, to better measure groups that are currently underrepresented. **We recommend that DWP and ONS look to better understand the non-response bias of their surveys, and ensure they are transparent with users about any potential bias.** We acknowledge that there are difficulties associated with this, given the fact that the FRS is an address-based survey. DWP is currently exploring the feasibility of different

approaches to understanding non-response bias in the FRS, including linking sampled addresses to DWP held data, and we welcome any further progress on this work.

Existing methods of equivalisation should be reviewed

2.55 Equivalisation scales are used in reporting on income-based poverty statistics to adjust household income, taking into account household size and composition, to compare household units. The modified OECD scale is the model used by official statistics producers in the UK and, although it is widely used across European countries, a number of users expressed a view that the current methods of equivalisation used in the UK are outdated, unhelpful and arbitrary. ONS has already conducted some initial research into alternative methods of equivalisation.

2.56 Users told us that there could be value in developing equivalisation methods for income statistics which are tailored more specifically by age and other demographic characteristics. The SMC has conducted initial research into the appropriateness of the current approach and the possibility of developing a new, more detailed scale. The SMC's recommendation for measuring poverty has highlighted that 'inescapable costs' faced by families are not captured in the existing equivalisation scales and therefore misrepresent the disposable income a family is left with. These costs include disability, childcare and commuting costs.

2.57 A current lack of reliable data available on these inescapable costs is a significant barrier to developing a robust equivalisation scale that is able to take these disparities into account. Such scales would also rely on a number of broad assumptions about the spending patterns and needs of the groups they affect.

2.58 We recognise that trying to develop an equivalisation scale which perfectly represents all households is an impossible task, and that attempting to account for too many different household structures could contribute to over-complicating a landscape of statistics and data that is already complex. Users told us the strengths of the current methods are that they allow for a consistent time series of poverty measures and that they enable comparisons with other countries. We consider, however, that improving equivalisation methods does not have to be done at the expense of a consistent time series. For example, DWP were able to move smoothly from the original McClements scale, when it first adopted the OECD scale in 2005.

2.59 Some of the producers we spoke to noted the wider value that could be gained from a cross-cutting review of equivalisation methods used across government, as there are currently discrepancies in the approach taken by different government departments and policies. This review could take the form of a literature review on income equivalisation used in poverty statistics in the short term, followed by a longer-term strategic initiative across

government looking at equivalisation methods more broadly. **DWP and ONS should consider leading a review of equivalisation methods, in collaboration with other producers, building on the initial work conducted by ONS.**

Maintaining public confidence in the statistics is important

Statisticians are working with honesty and integrity

2.60   Whilst the majority of users we spoke to for this report expressed a preference for a basket of measures to understand income-based poverty, they acknowledged that this increases the risk that statistics are used selectively in public debate. To date, we have received several complaints concerning misuse of poverty statistics in political exchanges.

2.61   We found that the statisticians working on income-based poverty statistics across the UK are engaged with the topic of poverty and understand how they contribute to the evidence base. They endeavour to provide clear briefing on complex data, yet the information is still sometimes misunderstood and misused by politicians.

2.62   Users also expressed frustration that too much of the public debate on poverty is hindered by discussions around acceptance and understanding of the different measures, for example, which statistics to use when, rather than the people behind the statistics and how to eradicate poverty in the UK.

Decisions around the development of the statistics need to be transparent

2.63   Throughout this report we have referred to the work of the Social Metrics Commission (SMC). The SMC was formed with the primary aim of moving the discussion around poverty beyond the statistics and onto action that the government can take to effectively tackle poverty in the UK. It argues that policymakers and politicians cannot effectively be held to account for tackling the causes of poverty or improving the lives of those who experience it, without measuring the wider context of poverty set out in its framework.

2.64   The SMC worked to ensure its recommendations received cross-party support, so that there could be consensus around the way progress on poverty is discussed. In 2018 the then Secretary of State for DWP, Amber Rudd, committed that DWP would publish new experimental statistics in the second half of 2020. These would take the SMC's measure as a starting point and assess how it could be further developed to increase the value of these statistics to the public.

2.65   The development of these experimental statistics was paused in early 2020 due to significant resource pressures in DWP arising from the COVID-19 pandemic. In February 2021 the current Secretary of State for DWP, Thérèse Coffey, gave an update on the direction of this work to the Work and Pensions

Select Committee, outlining that DWP plans to focus its improvements to income-based poverty statistics on material deprivation, rather than on the basis of the SMC findings.

2.66   At the time of writing this report, the preannouncement page for these experimental statistics states that this work is paused due to COVID-19 and does not inform users of the change in direction. To comply with the Code of Practice for Statistics, producers should be open about progress towards meeting priorities and objectives, and no action should be taken, nor public statement made, that might undermine confidence in the independence of the statistics when released.

2.67   We consider that the development of statistics should not be limited to policy need. Government departments need to take a wider view of user needs and look beyond any immediate policy needs. Users told us that it is perceived as Ministers "marking their own homework" if they choose not to publish alternatives to their preferred measure based on current policy priorities, and therefore cannot be held to account through other measures.

2.68   The SMC proposed measure, a starting point for the DWP experimental statistics, captures many aspects that users would like to see in income-based poverty statistics. We consider that **DWP and ONS should assess how the SMC recommendations can be implemented in their own work to enhance the public value of their statistics. Any planned developments to the statistics should also be communicated in an open and transparent way.**

2.69   The GSS Income and Earnings Coherence Steering Group, established in 2020 to address the coherence and accessibility of income and earnings statistics, provides a cross-GSS vehicle to help producers address the recommendations set out in this report. The group is made up of statistical leaders across DWP, HMRC and ONS, as well as representatives from the devolved administrations and academia. We were pleased to hear that the group already had plans to communicate its vision and workplan for income and poverty statistics with users around the end of May 2021, to demonstrate its commitment to transparency of developments.

Strategic recommendations

3.1   Statistics serve the public good when they enable a wide range of users to answer important questions. We have identified that the following strategic recommendations are needed to support and deliver the development of income-based poverty statistics that fully meet users' needs. Where we refer to 'statistics producers', this includes all of the producers who contribute to the income-based poverty statistics landscape that are highlighted earlier in this report. Where recommendations apply to specific producers, we will refer to them by name.

3.2   These strategic recommendations represent a step-change in the way the statistics on income-based poverty are produced and will require continued joined up, collaborative working, to be achieved.

- **The GSS Income and Earnings Coherence Steering Group needs to continue to collaborate and demonstrate leadership of the income-based poverty statistics landscape, to move away from producing a series of individual outputs to a more coherent and comprehensive evidence base.**

- **Statistics producers need to better understand how the income-based poverty statistics are being used across policy and service provision and how the evidence base can be improved.**

- **Innovation is needed for the statistics to deliver their full potential and serve the public good. Opportunities for data linkage should be maximised and data gaps should be addressed, building on work already underway in the GSS to explore the use of administrative data and its integration with social surveys.**

3.3   In addition to these strategic recommendations, we have identified the following more detailed recommendations.

Improve the accessibility of language and guidance

- Producers should look to provide **clearer and more detailed signposting** to other income-based poverty statistics in their bulletins.

- Producers should ensure supporting **guidance is accessible to lay users** and clear on the appropriate uses and quality of the statistics.

- Producers should consider the helpfulness of the **language** used in the poverty bulletins and accompanying guidance, to ensure that it does not risk confusing or misleading less-experienced users.

- DWP and ONS should ensure they are clear about the **strengths and limitations of household surveys**, particularly with regards to missing groups, and clearly set out the implicit and explicit assumptions that underline them.

Office for Statistics Regulation

Address data gaps to enhance insight

- Producers should do more to **draw out the necessary insights** to allow users to understand the nature of poverty and how this varies between groups at differing levels of poverty, as identified above.

- DWP and ONS need to understand why experts are funding their own data collections and analysis and consider whether this reflects weaknesses in the existing official statistics.

- To increase the public value of the existing statistics, DWP should:

  - review the current set of **questions which underpin material deprivation** and determine a way to compare material deprivation across groups, in collaboration with other producers across the GSS who use these questions.

  - increase the **consistency in the way it reports material deprivation**, as it currently reports material deprivation of children in households with less than 50% and 70% of median income but not at 60%.

- DWP and ONS should address the ethnicity data gap, as part of the wider GSS response to the findings of the Commission on Race and Ethnic Disparities' report.

- DWP should consider the **potential to extend the low-income families at a local area level analyses** to working-age adults without children and pensioners.

Review existing methods and maximise use of administrative data

- DWP and ONS, building on existing work to explore the feasibility and **potential of social survey and administrative data integration**, should explore whether integration can help improve the timeliness and robustness of income-based poverty statistics.

- DWP and ONS should prioritise work to **address under-reporting at the bottom end of the income distribution**. They should consider a multifaceted approach to solving this problem, such as data linkage and making greater use of administrative data.

- DWP and ONS should look to understand and **address concerns about access** when introducing administrative data into the production of income-based poverty statistics.

- DWP and ONS should **determine the user need for a single data source on household incomes** by exploring the feasibility of consolidating the existing social surveys, as part of their existing plans in the new combined strategic vision and GSS Income and Earning Coherence Work Plan. This could either be used to inform different publications, or to form the basis of a single set of statistics constructed from a consolidated data source, based on an understanding of user needs.

- DWP and ONS should look to better **understand the non-response bias** of their surveys, and ensure they are transparent with users about any potential bias.

- DWP and ONS should consider leading **a review of equivalisation methods**, in collaboration with other producers, building on the initial work conducted by ONS.

Command confidence in the statistics through trustworthy production

- DWP and ONS should **assess how the SMC recommendations can be implemented** in their own work to enhance the public value of their statistics. Any planned developments to the statistics should also be communicated in an open and transparent way.

Next steps

4.1 Our research has identified that although the existing income-based poverty statistics do go some way to meeting user's needs, there is clearly more that could be done. Our strategic recommendations outline how we expect the producers of the statistics to work both individually and in collaboration to develop the statistics so that they address the issues outlined.

4.2 Many of the statistics covered by the recommendations in this report are annual surveys with significant time lags. This means that any new developments and any changes to production processes and presentation cannot not be achieved immediately. We will support the producers in meeting our strategic recommendations and continue to monitor their approach to meeting the user need for income-based poverty statistics.

Annex A: User Engagement

Our review was based on desk research which we carried out ourselves, as well as through stakeholder engagement in the form of interviews, workshops and focus groups.

Direct engagement

We spoke to users from a range of different backgrounds, including think tanks, research centres, academia, national and local government and charities.

Organisation
Action for Children
Age UK
Centre for Social Justice
Child Poverty Action Group
City of London University
Department for Communities
End Child Poverty Coalition
End Furniture Poverty
Equalities and Human Rights Commission
Fair by Design
Greater London Authority
Inclusive Data Taskforce (ONS)
Institute for Fiscal Studies
Joseph Rowntree Foundation
Loughborough University
Office for National Statistics Sustainable Development Goal Team
Oxford Institute for Social Policy
Resolution Foundation
Scottish Government
The Children's Society
Trade Union Congress
Turn2us
University of Leeds
Welsh Government

Annex B: Statistics landscape

The following list encompasses the range of official statistics on income-based poverty:

Official Statistics		
Producer	**Title**	**Status**
Dept for Communities NI	Northern Ireland Poverty Bulletin	National Statistics
DWP	Children in low-income families: local area statistics	Official Statistics
DWP	Income Dynamics	Official Statistics
DWP	Households Below Average Income	National Statistics
ONS	Average Household Income	National Statistics
ONS	Effects of taxes and benefits on UK households	National Statistics
ONS	Household income inequality	National Statistics
ONS	Persistent Poverty in the UK and EU	National Statistics
ONS	Working and workless households	National Statistics
Welsh Government	Relative Income Poverty (Wales)	National Statistics
Scottish Government	Poverty and Income Inequality in Scotland	National Statistics

We have also referred to a number of non-official statistics in this report, that make an important contribution to the landscape of poverty statistics concerning low income:

Non-official statistics	
Producer	**Title**
Joseph Rowntree Foundation	Destitution in the UK
Joseph Rowntree Foundation	Minimum Income Standards
Social Metrics Commission	Measuring Poverty 2020
University of Essex	Understanding Society

Office for Statistics Regulation

Annex C: Glossary

Absolute poverty: Living in a household with an income that is below a level that was the relative low-income threshold in 2010/11 adjusted for inflation. Reported both before and after housing costs.

Deep poverty: Whilst precise definitions differ, 'deep poverty' is generally used to refer to those living at the lowest end of the income distribution and experiencing the most severe levels of poverty.

Destitution: Going without the essentials we all need to eat, stay warm and dry, and keep clean.

Equivalisation: Standard methodology that adjusts household income to account for the different financial resource requirements of different household types, based on size and composition.

Family Resources Survey: Produced by DWP, the FRS is a continuous household survey which collects information on a representative sample of private households in the United Kingdom.

Households Below Average Income: Statistics on the number and percentage of people living in low-income households in the UK, based on data from the Family Resources Survey.

Household Finances Survey: New integrated ONS household finance survey, that combines the Living Costs and Food survey (LCF) and the Survey on Living Conditions (SLC). Surveys around 17,000 private households in the UK on a voluntary basis to ask them questions about their income.

Indices of Multiple Deprivation: Official measure of relative deprivation. People may be considered to be living in poverty if they lack the financial resources to meet their needs, whereas people can be regarded as deprived if they lack any kind of resources, not just income. The index is based on various indicators, organised across distinct domains of deprivation, which are combined and weighted. They are produced separately for England, Wales, Scotland and Northern Ireland.

Living Costs and Food Survey: Collects information on spending patterns and the cost of living that reflect household budgets. It is conducted throughout the year, across the whole of the UK, by ONS.

Material Deprivation: The inability for individuals or households to access those consumption goods and activities that are typical in a society at a given point in time, irrespective of people's preferences with respect to these items.

Persistent poverty: Defined by ONS as being in (relative income) poverty in the current year and at least two of the three preceding years. Defined by DWP as being in (relative income) poverty for at least three of the last four years.

Relative poverty: Defined as living in a household with an income that is low relative to others, as determined by whether the income is below 60 per cent of median income. Reported both before and after housing costs.

Office for Statistics Regulation