

Chapter 7

Low-income dynamics

- Over the period 1991-2001, there was considerable income mobility. For example, just over five per cent of the population remained in the same quintile, or fifth, of the income distribution for the whole of the period. People who started in the top quintile were more likely to stay there throughout than those in the bottom quintile were to stay in that bottom quintile.
- Over half of individuals who were in the bottom and top quintiles in 1991 spent six or more years in that particular quintile from 1991 to 2001. Individuals in any of the middle three quintiles were less likely to have spent the majority of their time in their original 1991 quintile.
- In 2001, individuals who were no longer in the same quintile as they had been in 1991 were, collectively, more likely than not to be in an adjacent quintile. Those who had finished in a higher quintile had spent the majority of their time above their original quintile and vice versa for those finishing in a lower quintile.

Persistence of low income

- Over each of the four-year periods, 1991 to 1994, 1995 to 1998, and 1998 to 2001, around a third of individuals spent at least one year in households with below 60 per cent of median household income, compared with around one in ten for three or more years and, around 1 in 20 for all four years.
- Over the eleven-year period 1991-2001, half of all individuals spent at least one year in households with below 60 per cent of median household income. This compares with one in six for at least five years, and one per cent who spent all eleven years below 60 per cent of median household income.
- There was little change in persistent low income for the whole population over the period 1991-2001, as defined by spending three or more years out of any four-year period in a household with below 60 per cent of median income. There was little change for people of working-age, whilst there was a slight rise for pensioners and a fall for children over the period as a whole. There has been little or no change in persistent low income using this measure for any of these groups since the four-year period 1994-97.
- Pensioner families, those living in single parent families, workless households, the social rented sector or those with no qualifications were more likely to experience persistent low income, as defined above, than other groups (people have been allocated to a group according to their status in the first year of each four-year period). There is some evidence that, during the 1990s, the incidence of persistent low income fell for single parent families and workless households.

Introduction

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

The BHPS is run by The University of Essex, Institute for Social and Economic Research (further information can be found on their web-site at <http://www.iser.essex.ac.uk/>). The data was made available through the UK Data Archive and is released under the auspices of the ESRC UK Longitudinal Studies Centre (ULSC) at the University of Essex. Neither the ULSC nor the Archive bears any responsibility for the analysis or interpretation of the BHPS data presented here.

The analysis presented in this chapter is based on analysis of eleven waves of the BHPS, from 1991 up to and including 2001. The focus is on low-income dynamics and persistence of low income. This chapter is largely based on the findings of the 'Low Income Dynamics' analytical paper which was published by DWP in September 2003. Due to improvements in the timeliness of the availability of Family Resources Survey (FRS) data, it is no longer possible to include the analysis of the wave of BHPS data that corresponds to the latest FRS financial year in the HBAI report. Analysis of 2002 (Wave 12) BHPS data will therefore be published separately in 2004.

Changes since last year

Some of the BHPS figures presented in this chapter have seen small revisions since their publication in the last (2001/02) HBAI report. These revisions were introduced when the separate paper was published in September 2003, as mentioned above. This is due to changes in the base data set made by the data providers and also to quality improvements in the systems used to process the data by DWP.

Definition of income

The measure of income used in the BHPS analysis presented in this chapter is very similar to that used in FRS analysis (see **Appendix 1**) with two notable exceptions:

- i) The income measure used in the analysis presented here is on a Before Housing Costs (BHC) basis only. This is because there is insufficient information on housing costs on the BHPS to allow the construction of an After Housing Costs measure.

- ii) As a form of general taxation, Council Tax is also conceptually excluded (and therefore deducted) from the definition of net disposable income used in FRS-based HBAI analysis. However, as with housing costs, there was insufficient information on Council Tax collected on the BHPS in earlier years to allow the construction of an income measure excluding Council Tax. The impact of not deducting Council Tax on the FRS income has been assessed and is addressed in **Table 7.2**.

Income in real terms between 1991 and 2001

Table 7.1 is based on all eleven waves of BHPS data and shows income levels for the mean, median and various percentiles over time, in January 2002 prices. It shows income growth in real terms that is broadly consistent with FRS-based results Before Housing Costs. This table has been presented in order to allow users to assess the robustness of BHPS income data presented in this paper. It should be noted that the percentage increase figures in this table have been revised since initial publication in September 2003.

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

The eleven waves have been divided into eight overlapping subsets of four waves, covering each four-year period from 1991-2001. To be considered for inclusion in a particular period, individuals must have responded in the first year, and lived in fully responding households in all waves up to and including the final wave of the four-year period, or be a child born to a permanent panel member who satisfies the above conditions.

Given the relatively small sample size of the BHPS (around 6,000 individuals in the longitudinal data by the end of the eleven-year period), changes over time must be interpreted with caution, as they are likely to be small in relation to measurement error.

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

Table 7.2 compares FRS/FES estimates of the percentage of individuals below 60 per cent of median household income, at a particular point in time, to the BHPS longitudinal and cross-sectional equivalents.

It should be noted that the FRS/FES based series remains the official source for cross-sectional low-income analysis as it has a much larger sample size, is designed as a cross-sectional survey first and foremost, and collects more detailed information on incomes. Equivalent BHPS estimates have been included in **Table 7.2** for validation purposes only.

A variant of FRS results that does not, unlike official published estimates, deduct Council Tax has also been produced. This is in order to facilitate closer comparison between results from the two surveys, as the BHPS definition of income does not deduct Council Tax.

The BHPS estimates of low income are presented using both:

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

The presentation of BHPS results on both bases will allow us to gain an insight into the likely effect of attrition bias on the low-income estimates presented in this chapter.

Estimates derived from the longitudinal BHPS are, in later years, around a percentage point lower for all groups, with the exception of children, where the difference is slightly more pronounced at around two percentage points, below BHPS cross-sectional estimates. As explained above, this difference is indicative of the extent of the attrition bias of the longitudinal low-income analysis presented in this chapter.

Comparison of FRS figures, before and after the deduction of Council Tax from income, suggests that not deducting Council Tax serves to lower rates of low income for working-age adults and the population as a whole by around a percentage point, and has little or no effect on rates for children. It has a larger impact on pensioner figures, where the difference is around three percentage points.

Comparison of FRS and BHPS figures for the different groups indicates the following for:

- The population as a whole – BHPS cross-sectional estimates are close to those from the official FRS/FES series. However, they overstate the (conceptually more comparable) adjusted FRS series by around a percentage point.
- Children – the BHPS series shows a larger degree of variation than the FES/FRS published series. This is understandable given both the smaller sample size of the former, and the fact that the incomes for families with children are quite heavily clustered around the 60 per cent median mark making them sensitive to year on year sampling variation around the median. Consequently there are some differences in the depiction of short-term trends, but trends over the longer-term are not dissimilar.

- Working-age adults – BHPS cross-sectional estimates are around two percentage points lower than the FRS/FES published series. The BHPS series is more consistent compared with the (conceptually more similar) FRS adjusted series. The difference is either one or zero percentage points.

- Pensioners – When comparing adjusted and official FRS series, it can be noted that deduction of council tax has a greater impact on low-income rates of pensioners compared to working age adults. Comparison also indicates:

- There was a fall in low-income rates in the BHPS series, in the earlier years (1991-1993) which was smaller when compared with the FES based HBAI series.
- There is a larger difference for pensioners, than other client groups, between the BHPS series and the (conceptually closer) HBAI adjusted series.

This means that whilst BHPS estimates of the incidence of low income in any period are not directly comparable with the FRS, they are likely to provide a reasonably consistent guide to changes over longer periods.

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

Income mobility

Table 7.3 shows the number of times individuals moved between quintiles over the period 1991 to 2001, by their original quintile in 1991. The purpose of this is to determine more readily the extent of income mobility. It highlights that:

- There is a lot of movement over the period. The majority (nearly 95 per cent) of the population moved quintiles at least once over the period and around one in six individuals moved five times over the years 1991 to 2001.
- Those individuals who started the period in the bottom and, even more so, the top quintile in 1991 were more likely to remain in the same quintile throughout, than those who started in the middle three quintiles.

Table 7.4 shows where individuals spent the majority of the eleven-year period, 1991-2001, in relation to their original quintile in 1991. From this we can conclude that relative to their position in 1991:

- Over half of all individuals who originated in the top or bottom quintiles spent six or more years in that same quintile over the period.
- People who started in the top quintile were more likely to stay there throughout than those in the bottom quintile were to stay in that bottom quintile.

Table 7.5 outlines the position of individuals at the beginning and end of the eleven-year period 1991-2001, and also looks at where these individuals spent the majority of their time. It shows that:

- Those individuals who finished the period in a different quintile to the one in which they started were more likely than not to finish in an adjacent quintile.
- Just under one in ten of those in the top quintile in 1991 were in the bottom quintile in 2001; a similar number moved from the bottom quintile to the top.
- Of those individuals who started and finished the period in the same quintile, the majority spent six or more years in that quintile, more so for individuals in the top and bottom as opposed to the middle three quintiles.
- Those individuals who finished in a higher quintile in 2001 were more likely than not to have spent the majority of the period in a higher quintile.
- Those individuals who finished in a lower quintile in 2001 were more likely than not to have spent the majority of their time below their original quintile.

In summary, whilst it would appear that the picture painted of income mobility is a complicated one, for the majority of individuals, their position in 2001 in relation to 1991 was generally indicative of where they had spent the majority of the eleven-year period.

Persistent low income

Table 7.6 shows the number of years that people spent below various low-income thresholds over the eleven-year period and several four-year periods between 1991 and 2001.

For any four-year period:

- Around a third of all individuals spent one or more years below the 60 per cent of median threshold.
- Just over one in ten spent at least three years out of any four living in households with below 60 per cent of median income. This figure falls only very slightly if the definition is tightened to include only those individuals who spent the remaining year living in a household in the bottom 40 per cent of the income distribution.
- Around 1 in 20 spent all four years living in households with below 60 per cent of median income.
- There were no significant changes in these proportions over the four-year periods presented in **Table 7.6**.
- The figures obtained using 60 and 70 per cent of median as low-income thresholds are broadly consistent with those obtained using the bottom 20 and 30 per cent of the distribution respectively.

For the full eleven-year period:

- Half of the individuals spent one or more years below the 60 per cent of median threshold.
- One in six individuals spent at least five years living in households with below 60 per cent of median income. This falls to around one in ten if the definition is constrained to include only those individuals who spent all, or all but one, of the remaining years in the bottom 40 per cent of the income distribution.
- Only one per cent of individuals spent all eleven years living below the 60 per cent of median threshold.
- Again, figures obtained using 60 and 70 per cent of median, as low-income thresholds, are broadly consistent with those obtained using the bottom 20 and 30 per cent of the distribution respectively.

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

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

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

- Regardless of how high their income was in the remaining year(s). This approach is adopted in the Government's report on Poverty and Social Exclusion, 'Opportunity for all' (OFA) which defines persistence as spending three or more years out of any four year period below low-income thresholds.
- With an income just above these thresholds but in the bottom 40 per cent of the income distribution for the remaining year(s). This excludes from the definition of 'persistence' those with relatively high incomes for any period of time.

In conclusion, as we consider more restrictive definitions of 'persistence', we see falls in the proportion of the population who might be described as persistently poor.

Opportunity for all persistent low-income indicators

Table 7.7 presents the persistent low-income indicators for pensioners, children and working-age adults that are included in the Government’s annual report on tackling poverty and social exclusion ‘Opportunity for all’ (OFA), with additional figures presented here for all individuals for comparative purposes.

For the period 1998 to 2001 the table shows that:

- 11 per cent of individuals lived in households with below 60 per cent of median income for at least three years. This figure has shown little change since 1991.
- 16 per cent of children lived in households with below 60 per cent of median income for at least three years. Whilst this figure has fallen since 1991-94, it has shown little change since 1994-97.
- Seven per cent of working-age adults lived in households with below 60 per cent of median income for at least three years. This figure has remained broadly constant over the period 1991-2001.
- 18 per cent of pensioners lived in households with below 60 per cent of median income for at least three years. This figure would appear to have risen slightly over the period 1991-2001.

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

Composition of persistent low-income groups

In **Tables 7.8 and 7.9**, individuals are defined by their characteristics in the first year of the period covered. Although some will experience changes in the composition of their household over the period, this is not considered here. For example, not all those individuals recorded as living in a lone-parent family in 1991 will still be living in a lone-parent family in 1994.

Table 7.8 outlines the family and household characteristics of those individuals who experienced ‘persistent’ low income, where persistence is expressed as three years out of any four below low-income thresholds. For 1998-2001, for those individuals living in households with below 60 per cent of median income in at least three years out of four, it shows that:

- Around half lived in families with children.
- Just over one third were pensioners, around half of which were single and half couples.

- Around one third lived in workless households.
- More than half lived in families where no adults had any educational qualifications.
- Around two-fifths lived in social housing.

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

Whilst, due to small sample sizes and risk of measurement error, changes over time should be interpreted with caution, there is evidence to suggest that, since 1991 for those individuals persistently below 60 per cent of median income:

- There has been a fall in the proportion of families with children, although this has levelled off in recent years; while there has been an increase in the proportion living in pensioner families. For both of these groups, this partly reflects changes in the proportion of the whole population (as captured in this data) accounted for by the group.
- There has been a fall in the proportion who live in workless families or in social rented accommodation and families where the adults have no qualifications; although this last finding is entirely accounted for by a fall in the proportion of adults with no qualifications in the whole population.

Risk of falling into persistent low-income groups

Table 7.9 shows the risk for individuals of experiencing ‘persistent low incomes’ according to the characteristics of their family or household. This table varies from **Table 7.8** in that it is not showing the composition of low-income groups by household or characteristics, but rather the risk of persistent low income. For those individuals living in households with below 60 per cent of median income in at least three years out of any four, the table shows that:

- Those living in lone-parent or pensioner families were more at risk of persistent low income than other family types. In contrast there was a very small risk for childless non-pensioner families.
- Those living in workless households also had a relatively high risk of persistent low income.
- Individuals without qualifications and those living in the social rented housing sector also had a high risk of persistent low income.
- Again, whilst, due to small sample sizes and risk of measurement error, changes over time should be interpreted with caution, there is evidence to suggest that, since 1991 there has been a reduction in the risk of persistent low income for individuals who were – at least in the first year of each four-year period – in lone parent and workless families; and that this fall occurred between 1991-94 and 1995-98.

Table 7.1: Equivalised weekly income levels (in January 2002 prices)¹

£pw equivalised								Source: BHPs
Year	10th percentile	20th percentile	30th percentile	40th percentile	60% of median	70% of median	Median	Mean
1991	137	172	204	243	165	193	275	318
1992	132	163	196	230	161	187	268	307
1993	140	176	206	242	168	196	280	315
1994	145	176	210	244	166	194	277	321
1995	146	183	216	251	171	199	284	335
1996	153	188	221	258	178	208	297	340
1997	147	184	215	253	175	204	291	335
1998	155	195	231	266	184	215	307	355
1999	154	200	234	270	186	217	310	362
2000	162	205	242	281	192	225	321	368
2001	171	215	250	289	198	231	330	381
Percentage increase 1991 to 2001 ²	24%	25%	22%	19%	20%	20%	20%	20%

Notes:

1. The table shows summary statistics of the equivalised income distribution for each BHPs year in constant (January 2002) prices.
2. The percentage increase figures have been revised since release in September 2003 due to an error.

Table 7.2: Comparison of FES/FRS based estimates of the percentage of individuals below 60% median household income at a point in time and their BHPS equivalents¹

BHPS year	BHPS		FRS/FES		FES/FRS year
	longitudinal weights	cross-sectional weights	Adjusted ²	HBAI official series ³	
All individuals					
1991	18	18	..	20	90/91*
1992	19	20	..	21	91/92*
1993	18	19	..	20	92/93*
1994	18	18	17	18	94/95
1995	16	17	16	17	95/96
1996	17	18	17	18	96/97
1997	17	17	17	18	97/98
1998	17	18	17	18	98/99
1999	17	18	17	18	99/00
2000	18	18	16	17	00/01
2001	16	16	16	17	01/02
Children					
1991	26	26	..	26	90/91*
1992	28	28	..	27	91/92*
1993	26	27	..	27	92/93*
1994	26	26	22	23	94/95
1995	21	22	21	21	95/96
1996	23	25	24	25	96/97
1997	22	24	24	25	97/98
1998	24	27	24	24	98/99
1999	22	24	23	23	99/00
2000	23	24	21	21	00/01
2001	19	21	20	21	01/02
Working-Age adults					
1991	13	13	..	15	90/91*
1992	15	15	..	16	91/92*
1993	14	14	..	16	92/93*
1994	13	13	14	14	94/95
1995	12	12	13	13	95/96
1996	12	13	14	15	96/97
1997	12	13	14	15	97/98
1998	12	13	14	14	98/99
1999	12	14	14	14	99/00
2000	13	13	13	14	00/01
2001	11	12	13	14	01/02
Pensioners					
1991	26	26	..	32	90/91*
1992	22	23	..	28	91/92*
1993	23	23	..	24	92/93*
1994	23	23	19	21	94/95
1995	23	24	19	22	95/96
1996	23	25	18	21	96/97
1997	24	25	19	22	97/98
1998	25	26	20	23	98/99
1999	23	24	19	22	99/00
2000	25	26	19	21	00/01
2001	22	21	19	22	01/02

Notes:

1. Some of the BHPS figures presented in the table above have seen small revisions since their publication in the last (2001/02) HBAI report. This is due to changes to the base data set made by the data providers and also to quality improvements in the systems used to process the data by DWP.
2. An adjusted FRS series has been presented in this table. This differs from the published series in that Council Tax has not been deducted from income. This is in an attempt to present FRS-based figures on as close a basis to the BHPS definition of income (which does not deduct Council Tax, as this information is not available on the BHPS) as possible.
3. HBAI data is taken from the FRS and represents a financial year unless denoted by a '*', in which case it is taken from the FES and represents two calendar years combined.

Table 7.3: The number of movements made by individuals between quintiles over the period 1991 to 2001

Percentage of individuals		Original quintile in 1991					Source: BHPS
Number of movements between different quintiles	Bottom	Second	Middle	Fourth	Top	All	
	Quintile	Quintile	Quintile	Quintile	Quintile	individuals	
No movements from original quintile position	8	2	1	1	17	6	
Moved once between 1991 and 2001	5	5	6	6	7	6	
Moved twice between 1991 and 2001	14	8	8	8	14	10	
Moved three times between 1991 and 2001	13	15	12	14	10	13	
Moved four times between 1991 and 2001	14	15	17	16	13	15	
Moved five times between 1991 and 2001	15	17	19	19	13	16	
Moved six times between 1991 and 2001	13	16	16	17	13	15	
Moved seven times between 1991 and 2001	10	13	11	10	6	10	
Moved eight times between 1991 and 2001	5	8	8	7	5	6	
Moved nine times between 1991 and 2001	2	2	2	2	1	2	
Moved every year between 1991 and 2001	0	0	1	1	0	1	
All individuals	100	100	100	100	100	100	

Table 7.4: Where in the income distribution individuals spent the majority of their time relative to 1991

Percentage of individuals		Original position in 1991					Source: BHPS
	Bottom	Second	Middle	Fourth	Top	All	
	Quintile	Quintile	Quintile	Quintile	Quintile	individuals	
All years in the same quintile as 1991	8	2	1	1	17	6	
Majority of years in same quintile as 1991 ¹	46	32	27	33	43	36	
Majority of years above 1991 quintile	46	34	28	14	...	24	
Majority of years below 1991 quintile	...	14	27	34	40	23	
None of the above ²	...	18	18	17	...	11	
All individuals	100	100	100	100	100	100	

Notes:

1. The "Majority of years in same quintile as 1991" row means six or more years out of eleven in the same quintile as 1991 but does not include those in the "All years in original/final quintile" row.
2. 'None of the above' implies that the individual has neither remained in the same quintile as the original, nor been in a higher or lower quintile for six of the eleven BHPS years. Possible combinations matching this criteria for respondents over the eleven years are (5, 4, 2), (5, 3, 3), (4, 4, 3) and (5, 5, 1) in any order for (lower quintile, original quintile, higher quintile). When there are an odd number of BHPS years, 'none of the above' is impossible for the top and bottom quintiles.

Table 7.5: Position of individuals in the income distribution by quintile in 2001 in relation to 1991, by where they spent the majority of their time

Percentage of individuals		Source: BHPS				
	Position in 1991					
	Bottom Quintile	Second Quintile	Middle Quintile	Fourth Quintile	Top Quintile	
Position in 2001						
Bottom quintile	41	24	15	12	9	
Second quintile	26	30	22	13	8	
Middle quintile	16	22	25	22	16	
Fourth quintile	10	16	22	29	23	
Top quintile	7	8	16	24	45	
All	100	100	100	100	100	
Of those individuals who were in the same quintile in 1991 and 2001						
All years in original/final quintile	19	5	2	5	37	
Majority of years in same quintile as original ¹	65	64	55	65	51	
Majority of time above original/final quintile	16	11	17	9	...	
Majority of time below original/final quintile	...	7	15	8	12	
None of the above ²	...	13	11	13	...	
All	100	100	100	100	100	
Of those individuals who were in a higher quintile in 2001 relative to 1991						
Majority of yrs spent above original quintile	67	63	55	46	...	
Majority of years in same quintile as original ¹	33	16	15	21	...	
Majority of yrs spent below original quintile	...	3	6	8	...	
None of the above ²	...	19	23	25	...	
All	100	100	100	100	...	
Of those individuals who were in a lower quintile in 2001 relative to 1991						
Majority of yrs spent above original quintile	...	7	7	1	...	
Majority of years in same quintile as original ¹	...	25	19	20	37	
Majority of yrs spent below original quintile	...	44	58	64	63	
None of the above ²	...	24	16	15	...	
All	...	100	100	100	100	

Notes:

1. For the second block of results, the "Majority of years in same quintile as original" row means six or more years out of eleven in the same quintile as 1991 but does not include those in the "All years in original/final quintile" row.
2. 'None of the above' implies no observation has remained in the same quintile as the original, or a higher or lower quintile for six of the eleven BHPS years. Possible combinations matching this criteria for respondents over the eleven years are (5, 4, 2), (5, 3, 3), (4, 4, 3) and (5, 5, 1) in any order for (lower quintile, original quintile, higher quintile). When there are an odd number of BHPS years, 'none of the above' is impossible for the top and bottom quintiles.

Table 7.6: Number of years spent in the bottom of income distribution, measured by percentiles and thresholds of median, over four-year and eleven-year periods

Percentage of individuals				Source: BHPS	
Number of years below median thresholds	Below	Below	In bottom	In bottom	
	60% median	70% median	20%	30%	
1991 to 1994					
No years	66	55	63	51	
At least 1 year	34	45	37	49	
At least 2 years	20	30	23	35	
At least 3 years	12	20	14	24	
At least 3 years, remainder in bottom 40%	10	16	12	18	
All 4 years	5	10	7	13	
1995 to 1998					
No years	68	58	64	52	
At least 1 year	32	42	36	48	
At least 2 years	19	29	22	33	
At least 3 years	11	20	14	24	
At least 3 years, remainder in bottom 40%	10	17	13	19	
All 4 years	6	12	8	15	
1998 to 2001					
No years	68	59	64	53	
At least 1 year	32	41	36	47	
At least 2 years	18	28	23	34	
At least 3 years	11	19	14	24	
At least 3 years, remainder in bottom 40%	10	17	12	20	
All 4 years	5	11	8	15	
1991 to 2001					
At least 1 year	50	60	53	63	
At least 5 years	16	27	20	30	
At least 5 years, with no more than 1 year outside bottom 40%	11	16	13	17	
At least 7 years	10	18	12	21	
At least 7 years, with no more than 1 year outside bottom 40%	8	14	10	16	
At least 9 years	5	11	7	13	
At least 9 years, with no more than 1 year outside bottom 40%	5	10	7	13	
At least 10 years, other year in bottom 40%	2	6	4	8	
All 11 years	1	4	2	4	

Notes:

1. Figures for 1998 are used consecutively in the four-year periods 1995-8 and 1998-01.
2. This table contains revisions for 1991-1994 and 1995-1998. A printing error in last year's publication resulted in duplicated results for these periods.

Table 7.7: Opportunity for all indicators

Percentage of individuals	Source: BHPS			
	Below threshold in at least 3 out of 4 years			
	OFA definition		Alternative definition included	
	Below 60% of median	Below 70% of median	In bottom 20 %	In bottom 30 %
All individuals				
1991 to 1994	12	20	14	24
1992 to 1995	11	20	14	24
1993 to 1996	11	20	14	24
1994 to 1997	11	19	14	24
1995 to 1998	11	20	14	24
1996 to 1999	11	20	14	24
1997 to 2000	11	20	14	24
1998 to 2001	11	19	14	24
Children				
1991 to 1994	20	30	22	33
1992 to 1995	17	29	21	33
1993 to 1996	17	28	21	32
1994 to 1997	16	26	21	32
1995 to 1998	16	26	20	32
1996 to 1999	16	26	20	31
1997 to 2000	17	26	20	31
1998 to 2001	16	25	20	30
Working-age adults				
1991 to 1994	8	13	9	15
1992 to 1995	7	13	9	16
1993 to 1996	7	13	9	16
1994 to 1997	7	12	9	16
1995 to 1998	7	12	9	15
1996 to 1999	7	12	9	15
1997 to 2000	7	12	9	15
1998 to 2001	7	12	8	15
Pensioners				
1991 to 1994	16	33	19	40
1992 to 1995	16	31	20	39
1993 to 1996	16	32	21	40
1994 to 1997	17	33	23	41
1995 to 1998	17	33	22	41
1996 to 1999	18	34	22	41
1997 to 2000	17	34	23	41
1998 to 2001	18	33	23	40

Notes:

1. Figures for 1998 are used consecutively in the four-year periods 1995-8 and 1998-01.
2. Some of the figures presented in the table above have seen small revisions since their publication in the last (2001/02) HBAI report. This is due to changes to the base data set made by the data providers and also to quality improvements in the systems used to process the data by DWP.
3. There is a higher density of individuals around 60% and 70% median income. The alternative definition is presented for validation purposes as it may present estimates less sensitive to sampling and measurement error.

Table 7.8: Composition of persistent low-income groups by characteristics of family or household

Percentage of individuals	Source: BHPS														
	3 years out of 4 years below threshold				3 years out of 4 in the				Bottom 30%						
	Whole population		Below 60% median		Below 70% median		Bottom 20%		Bottom 30%		Bottom 30%				
	1991-4	1995-8	1998-01	1991-4	1995-8	1998-01	1991-4	1995-8	1998-01	1991-4	1995-8	1998-01	1991-4	1995-8	1998-01
GENDER AND ADULTHOOD															
Children	22	22	23	37	33	30	30	30	30	36	32	32	31	29	29
Men	37	37	37	23	25	27	26	27	26	23	26	26	25	26	28
Women	41	41	40	40	42	44	44	44	42	41	42	42	43	44	44
FAMILY TYPE															
Pensioner Couple	9	10	12	10	14	18	15	18	15	10	15	19	12	15	18
Single Pensioner	8	10	10	14	18	18	19	19	17	14	17	17	18	19	19
Couple with children	39	36	36	42	34	32	34	33	40	41	34	35	39	34	33
Couple without children	21	21	20	5	5	7	6	7	5	5	5	6	6	7	7
Single with children	7	7	7	23	18	18	16	15	18	22	18	16	17	15	15
Single without children	15	16	15	6	10	7	9	7	8	7	10	7	9	9	8
EDUCATIONAL QUALIFICATIONS (adults)															
Above A-level	25	30	34	7	10	10	11	12	11	8	10	12	8	11	13
A-level or below	41	40	38	33	36	35	35	36	34	35	36	36	34	36	35
No qualification	34	30	28	60	54	54	54	52	59	58	54	52	58	53	52
TYPE OF TENURE															
Owner-occupied	70	70	71	41	45	53	43	49	42	41	43	52	43	44	48
Social rented	23	22	21	51	45	40	47	42	50	50	47	42	49	46	43
Private rented	7	8	8	8	9	8	10	8	7	8	10	7	8	9	9
ECONOMIC STATUS OF HOUSEHOLD															
All adults in employment	32	29	31	7	6	7	7	9	10	9	6	9	11	9	10
Couple, one employed, one workless	25	25	24	13	11	14	16	16	15	13	14	16	15	17	17
Workless	13	14	12	46	46	35	38	29	36	43	43	31	34	35	28
Pensioner	14	17	19	21	30	33	31	35	26	22	30	34	27	32	34
Self-employed	16	15	14	14	8	10	8	10	13	14	8	11	14	8	10
Whole population	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Notes:

1. Figures for 1998 are used consecutively in the four-year periods 1995-8 and 1998-01.
2. The 'whole population' columns are included to aid comparisons as changes in population composition over time are likely to affect the composition of those in low-income.
3. People are classified according to their circumstances in the first year of the relevant four-year period.
4. Educational qualification is determined by the highest qualification held by anyone in the household.

Table 7.9: Risk of population groups experiencing persistent low income

Percentage of individuals	Source: BHPS														
	3 out of 4 years below threshold				3 out of 4 years in the				Bottom 30%						
	Below 60% median		Below 70% median		Bottom 20%		Bottom 30%		1991-4		1995-8		1998-01		
	1991-4	1995-8	1998-01	1991-4	1995-8	1998-01	1991-4	1995-8	1998-01	1991-4	1995-8	1998-01	1991-4	1995-8	1998-01
GENDER AND ADULTHOOD															
Children	20	16	16	30	26	25	22	20	20	33	32	30			
Men	7	7	8	14	14	14	9	10	10	16	17	18			
Women	12	11	12	21	21	21	14	14	15	25	26	26			
FAMILY TYPE															
Pensioner Couple	13	15	18	26	29	31	15	20	24	31	35	36			
Single Pensioner	19	20	19	40	38	35	23	24	23	50	48	45			
Couple with children	12	10	10	20	18	17	14	13	14	23	23	22			
Couple without children	3	3	4	5	6	7	3	4	5	7	8	9			
Single with children	41	29	30	55	47	45	45	37	34	62	55	53			
Single without children	5	7	5	11	11	9	6	9	6	13	14	13			
EDUCATIONAL QUALIFICATIONS (adults)															
Above A-level	3	3	3	5	6	6	4	4	4	6	8	9			
A-level or below	8	9	9	14	16	17	9	11	12	17	20	21			
No qualification	17	17	19	30	33	33	19	22	24	36	40	41			
TYPE OF TENURE															
Owner-occupied	7	7	8	12	12	13	8	9	10	15	15	16			
Social rented	26	22	21	44	41	39	30	29	28	51	50	48			
Private rented	14	13	11	20	24	21	16	17	12	26	28	28			
ECONOMIC STATUS OF HOUSEHOLD															
Fully employed	2	2	3	6	5	6	4	3	4	8	7	8			
Partially employed	6	5	7	13	12	13	7	8	10	15	16	17			
Workless	41	34	33	56	52	47	45	41	36	61	59	56			
Pensioner	18	19	20	37	37	36	22	25	25	45	46	44			
Self-employed	10	6	8	16	11	15	12	7	11	20	13	18			
Whole population	12	11	11	20	20	19	14	14	14	24	24	24			

Notes:

1. Figures for 1998 are used consecutively in the four-year periods 1995-8 and 1998-01.
2. Comparisons of subgroups with the 'whole population' row indicates whether the subgroup has a similar, lesser or greater risk the population as a whole.
3. People are classified according to their circumstances in the first year of the relevant four-year period.
4. Educational qualification is determined by the highest qualification held by anyone in the household.

