

Poverty and wealth across Britain 1968 to 2005

Findings
Informing change

July 2007

This study provides a new spatial analysis of Britain's changing picture of poverty and affluence over the last 40 years.

Key points

- Since 1970, area rates of poverty and wealth in Britain have changed significantly. Britain is moving back towards levels of inequality in wealth and poverty last seen more than 40 years ago.
- Over the last 15 years, more households have become poor, but fewer are very poor. Even though there was less extreme poverty, the overall number of 'breadline poor' households increased – households where people live below the standard poverty line. This number has consistently been above 17 per cent, peaking at 27 per cent in 2001.
- Already-wealthy areas have tended to become disproportionately wealthier. There is evidence of increasing polarisation, where rich and poor now live further apart. In areas of some cities over half of all households are now breadline poor.
- There has been slower change in wealth patterns overall. The national percentage of 'asset wealthy' households fell slightly in the early 1990s but rose dramatically between 1999 and 2003 – 23 per cent of households are now wealthy in terms of housing assets.
- The general pattern is of increases in social equality during the 1970s, followed by rising inequality in the 1980s and 1990s. Changes since 2000 are less clear.
- Urban clustering of poverty has increased, while wealthy households have concentrated in the outskirts and surrounds of major cities, especially those classified as 'exclusive wealthy', which have been steadily concentrating around London.
- Both poor and wealthy households have become more and more geographically segregated from the rest of society.
- 'Average' households (neither poor nor wealthy) have been diminishing in number and gradually disappearing from London and the south east.

The research

By a team of researchers from the Universities of Sheffield and Bristol and the Institute of Education, University of London, using a wide range of data.

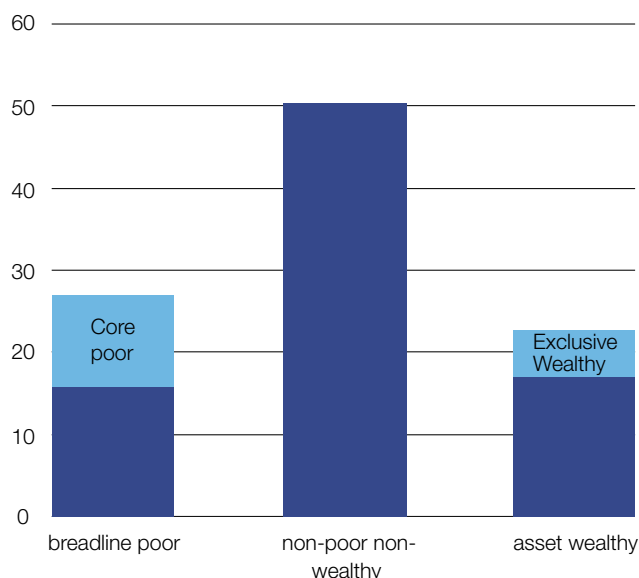
Introduction

This study of how poverty and wealth are geographically distributed in Britain covers the past 30 to 40 years. The relationship between wealth and place is little understood, and establishing the geographical distribution of wealth is essential for a more thorough understanding of social inequalities.

The study builds on previous work on poverty in Britain by Wheeler et al. (Wheeler, B., Shaw, M., Mitchell, R. and Dorling, D., *Life in Britain: Using Millennial Census data to understand poverty, inequality and place*, Policy Press, September 2005) and Pantazis, Gordon and Levitas (Pantazis, C., Gordon, D. and Levitas, R. (Eds), *Poverty and Social Exclusion in Britain*, The Policy Press, 2006), for the Joseph Rowntree Foundation. Census and survey data have been used to construct consistent small area measures of both wealth and poverty at points in time across the last four decades. The authors have developed four consistent measures of poor and wealthy households:

- ‘Core poor’ (people who are income poor, materially deprived and subjectively poor);
- ‘Breadline poor’ (people living below a relative poverty line, and, as such, excluded from participating in the norms of society);
- ‘Asset wealthy’ (estimated using the relationship between housing wealth and the contemporary inheritance tax threshold);

Figure 1: Distribution of households in 2000.



- ‘Exclusive wealthy’ (people with so much wealth that they can exclude themselves from the norms of society).

Through estimating the numbers of poor and wealthy households, the authors have counted the number of households falling into a fifth group: those that are neither poor nor wealthy (i.e. ‘normal’ or ‘average’ households). Figure 1 illustrates the distribution of these households in 2000.

Background

Poverty in Britain has been much studied, and has been a major target of social policy for decades. However, there has been almost no academic research recording the geography of the wealthy in Britain. In order to properly understand poverty and inequality, it is also crucial to have some idea of what is happening to those people and households that are not poor.

This study has developed new measures of wealth, and mapped poverty and wealth over recent decades. It assesses whether Britain’s population has become more or less polarised with regard to area poverty and wealth.

Figure 2 (opposite page) charts the national proportions of poverty and wealth at each time period. The proportions of households that were core poor and breadline poor declined during the 1970s, but then increased again during the 1980s. The 1990s saw the two poverty measures diverge, with the breadline poor continuing to rise, and the core poor falling to around 11 per cent of households. In 2000, more than a quarter of households were breadline poor.

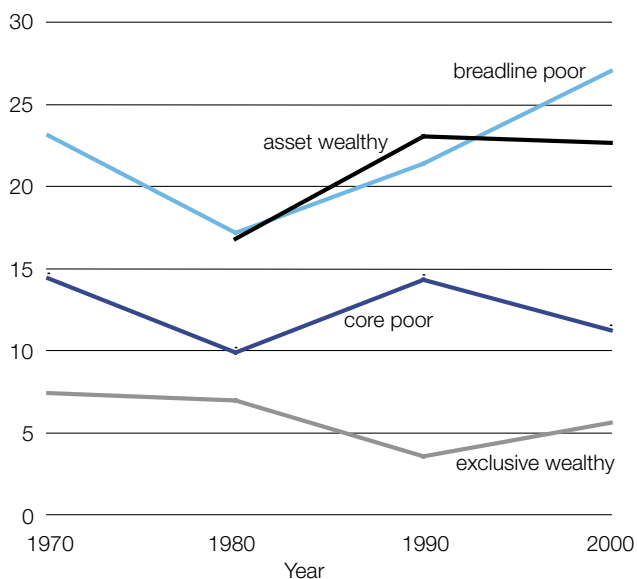
The asset wealthy increased substantially during the 1980s, and then changed little in total number between 1990 and 2000. Over a fifth of households fall into this category. The exclusive wealthy declined slightly during the 1970s, more sharply during the 1980s, but then increased in number from 1990 to 2000. Throughout this period, the personal wealth held by the wealthiest 1 per cent of the population grew as a proportion of the national share (from 17 per cent in 1991 to 24 per cent in 2002).

The proportion of households that were non-poor, non-wealthy fell from around two-thirds of all households in 1980 to just over half by 2000.

Poverty and wealth geography

The key focus of this study was to assess the changing spatial distribution of poor and wealthy households over the last few decades. The poverty and wealth

Figure 2: Poverty and wealth measures for Great Britain, 1970 to 2000.



* Note that 'core poor' and 'exclusive wealthy' are subsets of 'breadline poor' and 'asset wealthy' respectively); see main report for estimates of variability around the exclusive wealth estimates.

** Housing wealth data was unavailable for 1970.

measures were specifically designed to be calculated for small areas of Britain. Since standard small areas such as census wards change substantially over time, the analyses use a consistent set of 'tracts', allowing the comparison of spatial statistics over time.

Increasing polarisation, segregation and spatial concentration

Poor, rich and average households became less and less likely to live next door to one another between 1970 and 2000. As both the poor and wealthy have

Table 1: Index of Dissimilarity, showing that both poor and wealthy households have become increasingly segregated over the past 40 years.

	1970	1980	1990	2000
Core Poor	12.3%	15.6%	15.3%	14.1%
Breadline Poor	14.7%	16.7%	17.1%	18.3%
Non-poor, non-wealthy	*	15.4%	16.7%	19.8%
Asset Wealthy	*	34.9%	34.5%	40.1%
Exclusive Wealthy	*	43.6%	60.6%	59.7%

* Small-area estimates of asset and exclusive wealthy households were not available for 1970, meaning that non-poor, non-wealthy households could also not be estimated at this time.

become more and more clustered in different areas, so the spatial concentration of 'average' households (non-poor, non-wealthy) has also increased. The only group for whom geographical polarisation has not increased is the core poor, among whom spatial inequality declined slightly between 1990 and 2000. Exclusive wealthy households appear to be increasingly concentrated in a small number of areas.

Table 1 shows the Index of Dissimilarity – a way of measuring the relative segregation or integration of two population groups across geographical areas. This index takes each group of households (for example asset wealthy households) and compares its distribution against all other households (for example all non-asset wealthy households) to indicate what proportion of each group would have to move – geographically – to result in an even distribution of both groups across all areas.

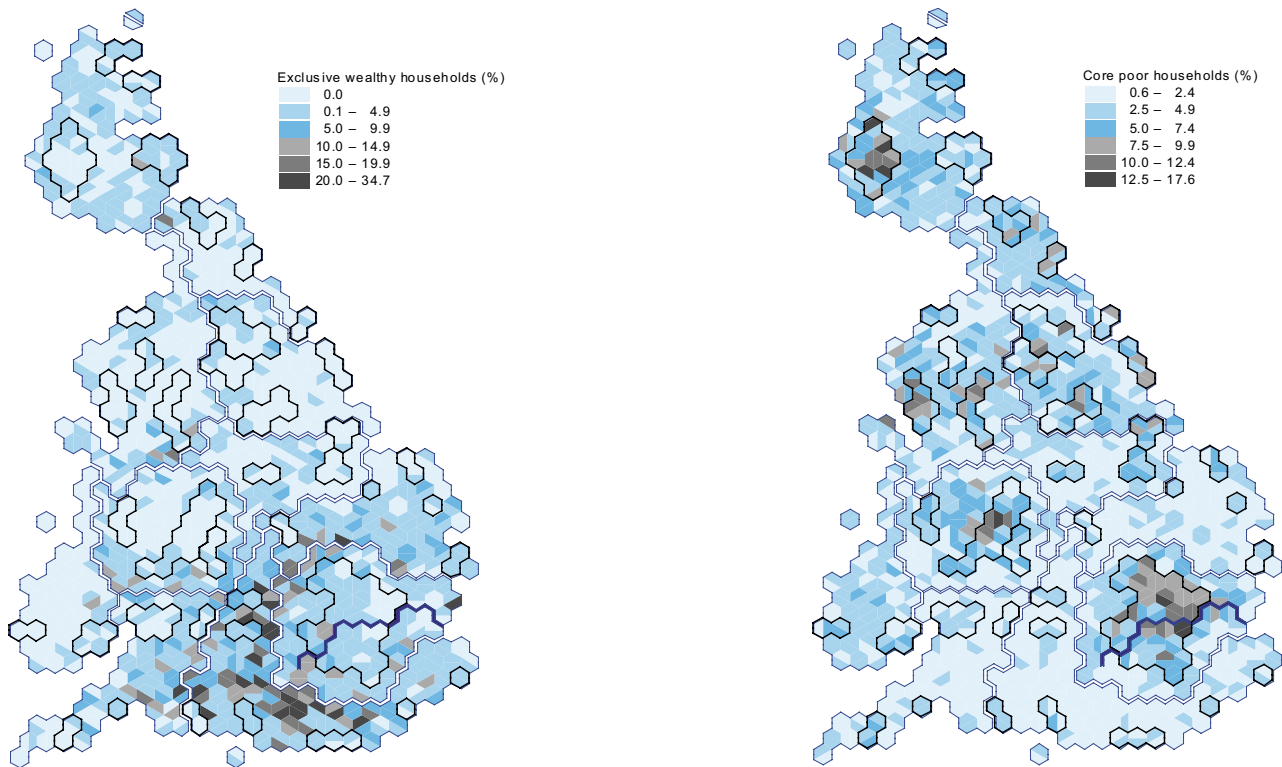
The indices for the five groups of households in Table 1 show that both poor and wealthy households have become increasingly segregated over the past 40 years. The only group for whom geographical polarisation has not increased is the core poor, among whom spatial inequality declined slightly between 1990 and 2000. It is noteworthy that the exclusive wealthy households have the highest index of dissimilarity for all years (with a very high increase observed between 1980 and 1990), which suggests that they tend increasingly to be concentrated in a small number of areas.

Since 2000

There seems to have been little progress in reducing geographical polarisation since 2000. The speed of change has been slow, even for trends that appear to be moving towards equality. For instance, areas with higher rates of working-age adults claiming Jobseeker's Allowance (JSA) experienced larger proportional reductions in claimant rates between 2000 and 2005. This trend suggests decreasing geographical inequalities in JSA claimant rates and is in accordance with the slight fall in spatial concentration of those experiencing core poverty in the 1990s. It should be noted however, that the reduction in these claimant rates might be partially attributed to a shift of claimants from JSA to Incapacity Benefit.

As Figure 3 (overleaf) shows, the last 25 years have witnessed substantial increases in the spatial segregation and concentration of poverty and wealth in Britain. The overall decline and slight spatial deconcentration of core poor households in the 1990s are hopeful signs. However, the 1990s also saw relative poverty levels climb to unprecedented levels of more than one in four households by 2000. Wealthy households have become more segregated, and

Figure 3: Distributions of the 6 per cent exclusive wealthy and the 11 per cent core poor around the year 2000 (black boundary lines indicate specific towns and cities)



increasingly concentrated in the south east of England. Data for the years since 2000 presents a mixed picture.

About the project

This study created a consistent series of poverty measures from 1970 to 2000 for Britain, revising previous measures and extending existing methods. The authors updated existing 'breadline poverty' measures from previously published material and census data, and estimated the number of 'core poor' households using the same datasets.

They also made two complementary series of estimates of the number of wealthy households – the 'asset wealthy' and the 'exclusive wealthy'. The number of asset wealthy households was estimated using housing wealth data for small areas and indicates how housing as an asset has changed people's relative position in society. The national proportion of the exclusive wealthy was modelled using Family Expenditure Survey data, to define households able to consistently afford items such as private education, private healthcare and second home ownership. Small area estimates were based on the housing wealth data.

For further information:

The full report, **Poverty, wealth and place in Britain 1968 to 2005** by Danny Dorling, Jan Rigby, Ben Wheeler, Dimitris Ballas, Bethan Thomas, Eldin Fahmy, Dave Gordon and Ruth Lupton is published for the Foundation by the Policy Press (ISBN 978 1 86134 995 8, price £15.95).

Data:

The full dataset of the poverty and wealth measures for tracts is available, with other related files, on the Spatial and Social Inequalities website: <http://www.sasi.group.sheffield.ac.uk/research/transformation>

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