

Emily Harris – Written Evidence (LBC0080)

ABOUT THE SOCIAL METRICS COMMISSION

The Social Metrics Commission is an independent Commission formed and led by the Legatum Institute's CEO Baroness Stroud. It is independent and rigorously non-partisan and is dedicated to helping policymakers and the public understand and take action to tackle poverty. Its goal has been to develop new poverty metrics for the UK which have both long-term political support and effectively identify those who are in poverty. By doing so, it hopes that Government and others will be better able to develop interventions that reduce the number of people experiencing poverty and improve outcomes for those people who do experience it.

The Commission is hosted by the Legatum Institute, which makes available the resource of its Centre for Metrics and is supported by the Legatum Institute Foundation. The Commission's work would not be possible without that support, and the research, editorial and functional independence that has underpinned it. The Commission has also been generously supported by the Joseph Rowntree Foundation, Calouste Gulbenkian Foundation (UK Branch), Garfield Weston Trust, Oliver Wyman, PF Charitable Trust and Mr Sanjit and Mrs Sangeeta Talukdar.

ABOUT THE COMMISSION'S POVERTY MEASURE

The Social Metrics Commission was founded in 2016 to develop a new approach to poverty measurement. In response to the fact that the UK no longer had an official measure of poverty for children, adults or pensioners, its ambition was to develop metrics that both better reflected the nature and experiences of poverty that different families in the UK have, and which could be used to build a consensus around poverty measurement and action in the UK.

Following two and half years of work, the Commission published its first report in September 2018. This articulated how the approach to poverty measurement could be improved in the UK and elsewhere. The Commission's measure included improvements in three key areas:

1. Identifying those least able to make ends meet. The Commission's measure:
 - Accounted for all material resources, not just incomes. For instance, this meant including an assessment of the available liquid assets that families have;
 - Accounted for the inescapable costs that some families face, which make them more likely than others to experience poverty. These include, the extra costs of disability, costs of childcare and rental and mortgage costs; and
 - Broadened the approach of poverty measurement to include an assessment of overcrowding in housing and those sleeping rough.

2. Providing a better understanding of the nature of poverty, by presenting detailed analysis of poverty depth and persistence for those in poverty; and
3. Providing an assessment of Lived Experience Indicators that shine a light on the differences in experiences of those living in poverty and those above the poverty line.

The Commission's 2018 report was the first time this framework had been used to present a detailed articulation of the nature of poverty in the UK. The Commission's findings suggested that the same number of people were in poverty in the UK as previously thought. However, within this overall population, the Commission's results suggested significant changes to the groups identified as being in poverty and also shed greater light on the depth, persistence and Lived Experiences of poverty.

BACKGROUND

This submission provides a response to the House of Lords COVID-19 Committee enquiry into the long-term impacts of COVID-19 entitled 'Life Beyond COVID'. The response provides key findings from the Social Metrics Commission's latest report on Poverty and COVID-19. Our findings will be of particular interest to the Committee as they include analysis on people's experience of loneliness, confidence in the future of the economy, fears for their own future and whether their perceptions of society have changed.

KEY FINDINGS FROM THE POVERTY AND COVID-19 REPORT

The report uses original analysis of a new YouGov poll of close to 80,000 people between March and May 2020. Based on the approach of the Social Metrics Commission's poverty measurement framework, it provides early indications of the likely scale and nature of poverty impacts coming from the economic fallout of the Covid-19 pandemic in the UK. It does this by considering how those employed prior to the crisis have fared in terms of whether they have experienced a negative labour market outcome (been furloughed, had reduced hours or wages, or lost their job), and breaking this down by each person's previous position in relation to the poverty line. It also considers broader aspects of the Commission's poverty measurement framework, including factors that are likely to impact on the Lived Experience of poverty, including loneliness; perceptions of, and engagement in, society; and people's confidence over the future for the economy and themselves.

The analysis shows that:

- Those employed prior to the crisis and already in the deepest forms of poverty have been most heavily impacted by the economic fallout. For example, compared to those more than 20% above the poverty line, those more than 50% below the poverty line have been 15 percentage points more likely to have experienced a negative labour market outcome.

- Groups already over-represented amongst the population in poverty have also been most heavily impacted by the crisis. For example, disabled people employed before the Covid-19 pandemic have been 4 percentage points more likely to have experienced a negative labour market outcome than people without a disability.
- The youngest and oldest workers have been impacted most by Covid-19. Compared to those aged between 35 and 44, those aged 18-24 have been 7 percentage points more likely to have experienced a negative labour market outcome, and those aged 55 and over have been 4 percentage points more likely to be negatively impacted.
- Some groups with already very high poverty rates have also been impacted more by the crisis. For example, those from Black and Asian ethnicities have been more likely to be negatively impacted (by 4 and 6 percentage points respectively) than those from White ethnic groups.
- Impacts vary significantly between workers in different industries. For example, 81% of those working in hospitality and leisure have been negatively impacted, compared to just 16% in financial services.
- Impacts also vary between different local authorities. On average, close to a half (47%) of the workforce have been negatively impacted in local authorities experiencing the biggest impacts. This compares to less than a third (30%) in local authorities experiencing the lowest impacts.

Whilst the overall impacts of the pandemic on UK poverty are by no means certain, given the scale of the negative changes in employment statuses for those in poverty, under the Commission's measure of poverty:

- Many of those already in poverty could move deeper into poverty as a result of losing their jobs or having lower earnings because of reduced hours or pay. This would exacerbate the already increasing trend in deep poverty seen over the last 20 years.
- Those previously close to, but above, the poverty line could move into poverty because of their changing employment status. This could result in a significant increase in poverty.

If this were the case, both the incidence and severity of poverty could increase.

Table 1: Impacts of different characteristics on the likelihood of a negative labour market experience on people employed prior to the Covid-19 crisis

Compared to...	Being...	Leads to a change in the probability of experiencing a negative labour market experience
Compared to those more than 20% above the poverty line....	More than 50% below the poverty line	15 percentage point increase
	In poverty and within 50% of the poverty line	8 percentage point increase
	Not in poverty and less than 20% above the poverty line	5 percentage point increase
Compared to those from a White ethnic group...	Black	4 percentage point increase
	Asian	6 percentage point increase
Compared to those aged 35-44...	Aged 18-24	7 percentage point increase
	Aged 55 and over	4 percentage point increase
Compared to those without a disability	Disabled	4 percentage point increase

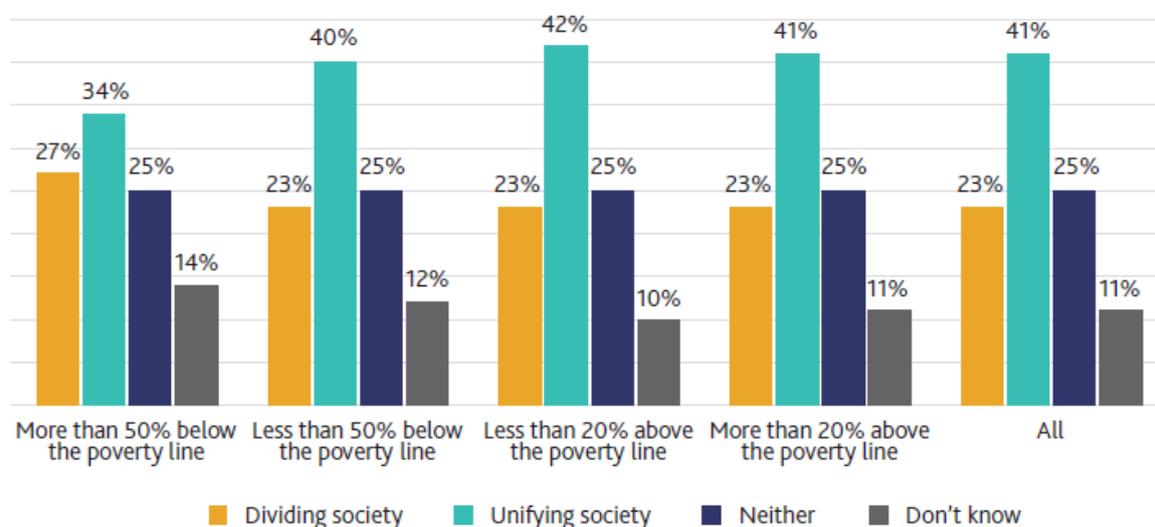
Source: YouGov, SMC regression analysis.

Notes: 'Negative labour market experience' refers to those who have had their hours or earnings reduced and / or been furloughed or lost their job. Base: all employed prior to Covid-19 crisis (39,621 across all categories).

Whilst the economic and labour market results paint a concerning picture, there are more positive signs in other parts of the Commission's measurement framework. For example:

- More people think that the crisis has brought society together than think it has divided it. For example, figure 1 shows that four in ten (40%) people in poverty and within 50% of the poverty line feel that society has unified, compared to 23% who say it has become more divided.
- Nearly a fifth (19%) of people say that they feel more positive about their relationships with others as a result of the crisis, compared to 12% of people who say that they feel more negative. The remainder (70%) say that they feel no different (see figure 2).

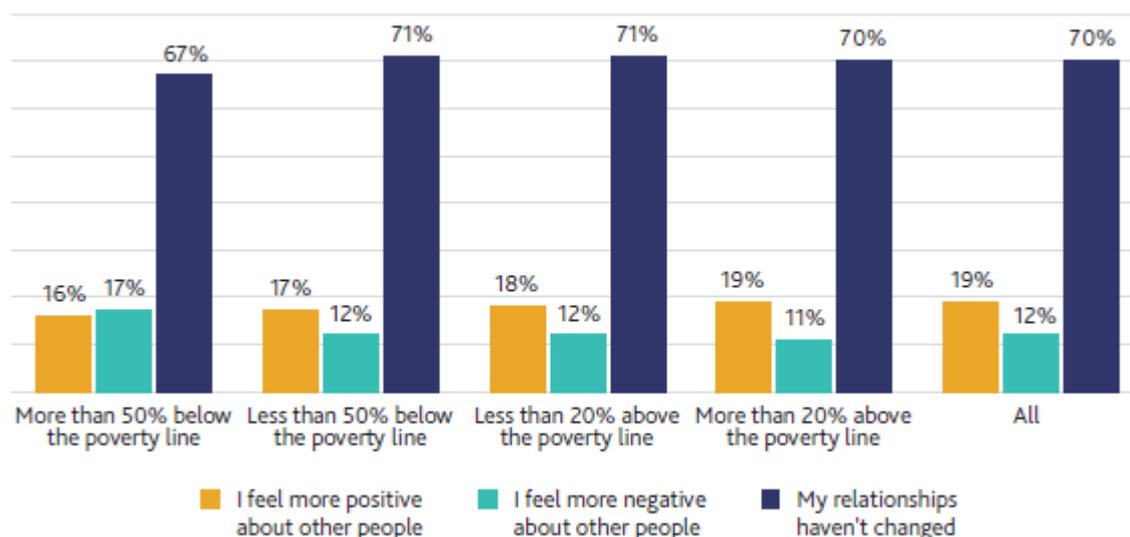
Figure 1: Views of the impact of the crisis on the state of society, by poverty status



Source: YouGov, SMC analysis.

Notes: Base: all respondents (77,668 across all categories). The figure draws on data from the following question: Do you think this situation is mainly...?

Figure 2: Views of whether relationships have changed during the crisis, by poverty status



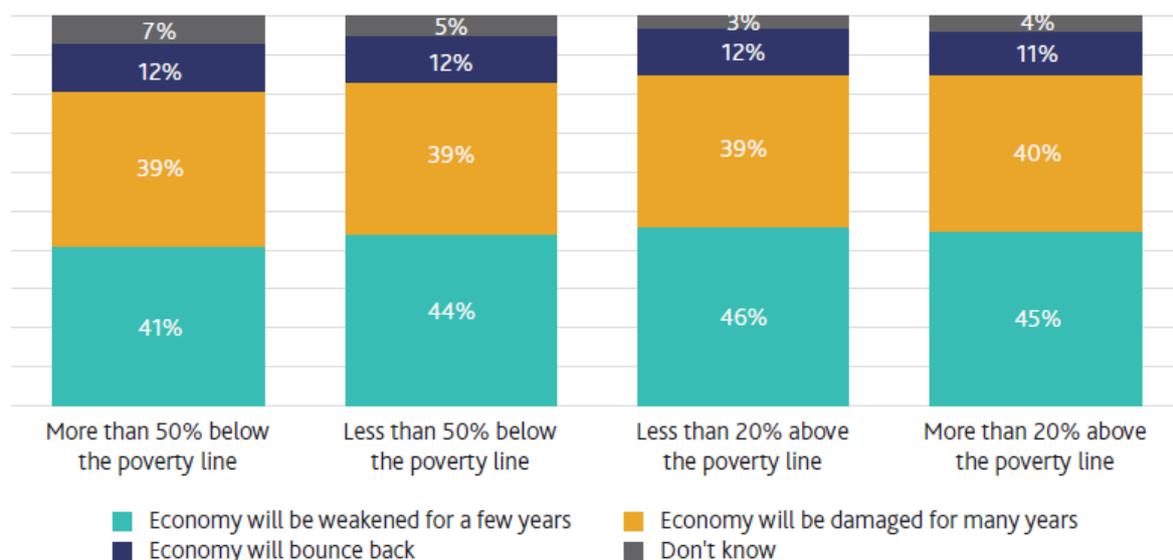
Source: YouGov, SMC analysis.

Notes: Base: all respondents (77,668 across all categories). The figure draws on data from the following question: Have your relationships with others changed at all?

These positive signs of strengthening relationships could be all the more important in providing people with the support they need to navigate an uncertain economic future:

- The vast majority of people (85%) believe that the economy will either be weakened for a few years (45%), or damaged for many years (40%). Figure 3 shows that there is very little variation in respondent's expectations of economic revival based on their experience of poverty.
- When asked about how they see the future for themselves, although more than half (58%) of those in poverty believe that they will be "okay", a third (28%) say that they "fear for their future". Nearly one in three people (32%) in deep poverty say they "fear for their future". The figure amongst those more than 20% above the poverty line is 21% (see figure 4).

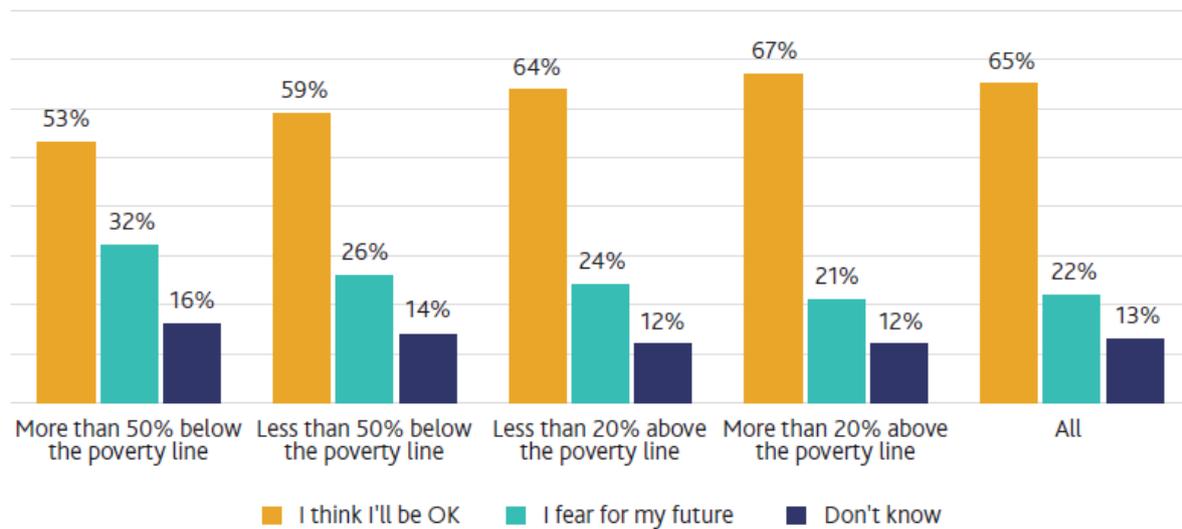
Figure 3: Views of economic damage, by poverty status



Source: YouGov, SMC analysis.

Notes: Due to data constraints, the analysis uses 60% of median equivalised household (before housing costs) income as the poverty line. Base: all respondents (77,668 across all categories). The figure draws on data from the following question: Which of these do you think is the more likely economic outcome of this crisis?

Figure 4: Confidence in own future, by poverty status



Source: YouGov, SMC analysis.

Notes: Due to data constraints, the analysis uses 60% of median equivalised household (before housing costs) income as the poverty line. Base: all respondents (77,668 across all categories). The figure draws on data from the following question: Which comes closest to how you see the future for you?

CONCLUSION

What these results show is that poverty, the Lived Experience of poverty and the impacts of the Covid-19 crisis, are complex and driven by an interlocking range of factors. Understanding, measuring and documenting these and using the findings to drive anti-poverty responses will be central to ensuring that, as the economy begins to emerge from the lockdown of previous months, the recovery leads to a situation where poverty after Covid-19 is lower and less severe than it was before the pandemic. The Commission's poverty measurement framework provides a comprehensive approach both through which this can be undertaken, and against which the Government can be held to account for tackling poverty in the UK.

TECHNICAL DETAILS

Data sources

All figures from polling, unless otherwise stated, are from YouGov Plc. Total sample size was 84,520 adults. Fieldwork was undertaken between 25th March and 18th May 2020. The surveys were carried out online. The figures have been weighted and are representative of all GB adults (aged 18+). After accounting for missing data on income, household size and economic status, all results use answers from 77,668 adults.

Summary methodology

Analysis presented in this submission follows the methodology proposed by the Social Metrics Commission in their landmark 2018 report. More details of the approach can be found here: <http://socialmetricscommission.org.uk>

7 August 2020