



Exploring the link between demographic change and poverty in the UK

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ABSTRACT¹

The relationship between demographic change and poverty has been the subject of intense scholarly debate for over two centuries. The evidence on the link between population change and economic growth is inconclusive. However, the association between demographic characteristics such as gender, age, disability, ethnicity and particular family structures and poverty is well-established. Lone parent families and single older pensioners are particularly at risk of poverty. However policy also needs to reflect the growth diversity of family forms, with increasing numbers of parents choosing to cohabit rather than marry, the growth of hidden families as adult children increasingly co-reside with their parents well into their 20s and 30s, and an increase in single men living alone in mid-life who have never partnered or had children.

KEY POINTS

- At the macro-level, the evidence on the link between population change and economic growth is inconclusive. The changing age structure of the population during the demographic transition from high to low mortality and fertility can lead to a ‘demographic dividend’, but only if the right policies are in place to harness the potential of such opportunity.
- Evidence on the link between population change and aggregate poverty is sparse. It is important to take socio-economic differentials in mortality and fertility into account, as aggregate poverty rates may be affected by changes in the composition of the population, particularly where there is an increase in individuals with ‘excess poverty risks’ in the share of the population.
- At the micro-level, the association between a number of demographic characteristics and poverty is well-established including gender, age, disability, ethnicity and particular family structures, including lone parent families, large families (i.e. with three or more children) and certain types of people living alone.
- However, it is important to consider the selection of individuals into different family types (single parent, cohabiting family, married family), for example, according to income, education, ethnicity and religiosity. Once such selection is taken into account, the causal link between ‘demographic characteristics’ and poverty is weakened, and the direction of such link is complex.
- ‘New’ demographic changes associated with the risk of poverty include the rise in solo living, particularly in men living alone in mid-life who have never partnered and fathered children, and in men in young adulthood who are more likely to return home following partnership breakdown.
- Other future demographic changes that may influence aggregate poverty levels are the rise in non-British-born individuals (given the continuing link between ethnicity and poverty); and the rise in lone parents.
- Such changes reflect the increasing diversity of British society and the need for social policy to address newer and more nuanced risks of poverty, emanating from the interaction of various demographic characteristics.

¹ A four page Executive Summary of this paper has also been published as a JRF Findings and is available on the Joseph Rowntree Foundation website www.jrf.org.uk

KEYWORDS

Population change; poverty; fertility; living arrangements; ageing

EDITORIAL NOTE

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EXPLORING THE LINK BETWEEN DEMOGRAPHIC CHANGE AND POVERTY IN THE UK

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1. INTRODUCTION

This review aims to explore the link between demographic change and poverty in the UK. In doing so, the review addresses the existing evidence concerning three key research questions:

1. What impact has demographic change had on poverty in the UK in the past?
2. What will be the likely future demographic changes and impacts, and which groups are most vulnerable?
3. From an anti-poverty perspective, what are the biggest challenges and opportunities presented by demographic change?

Before focussing down on the UK, in Section II the review starts by briefly examining the existing international literature on the relationship between demographic change and poverty from both the macro (country/societal) and micro (individual/ family/ household) level. Section III then details the key demographic changes experienced within the UK over the past 30 years, highlighting how these relate to changes in poverty over the same period. Section IV moves the focus from the past into the future, again highlighting anticipated demographic changes and their links with poverty. This then provides the background needed for a more expert-led reflective analysis on the challenges and opportunities presented by future demographic change, and the ways in which anti-poverty strategies can take increasing demographic diversity into account. Finally in Section V the review summarises the key findings in relation to the research questions.

Within the review, ‘demographic change’ is broadly defined to encompass changes in the size and composition of the population due to changes in the three components of: births (fertility), deaths (mortality) and migration (internal and international, inward and outward); as well as changes in the family structure and living arrangements of the population through changing patterns of partnership formation (cohabitation, civil partnership and marriage) and dissolution (separation, divorce and widowhood). ‘Poverty’ will also be broadly defined with the review both examining links with absolute and relative poverty and also a wider set of indicators of deprivation and social exclusion, and access to social networks and social services.

2. REVIEWING THE EXISTING LITERATURE ON THE RELATIONSHIP BETWEEN DEMOGRAPHIC CHANGE AND POVERTY

2.1 (A) THE MACRO-ECONOMIC STORY

The relationship between demographic change and poverty has been the subject of intense scholarly debate for over two centuries, since Thomas Malthus first put forward his *Essay on the Principle of Population* (1798). Malthus argued that unchecked population growth combined with finite resources would ultimately lead to a rise in food prices, declines in real wages and increasing misery and poverty. A combination of rising mortality as a result of disease and famine (the so called ‘positive’ checks) and delayed marriage and ‘vice’ i.e. contraception (the so called ‘preventative’ checks) would then lead to population decline, eventually bringing the system back into ‘equilibrium’. Thus according to Malthusian theory, there was a clear link between population growth and poverty at the societal, or macro, level. Malthus was writing at the turn of the eighteenth century, when Britain stood at the threshold of the industrial revolution and his theories proved unfounded as Britain’s population continued to expand through the nineteenth century, as Europe entered the industrial age. That is not to say that poverty and misery were unknown during this period - indeed, it was the graphic descriptions of life on the streets of Victorian London and York that stimulated the writings of early poverty researchers and social reformers such as Charles Booth (1889) and Benjamin Seebohm Rowntree (1901) - but they did not act as the ‘check’ on population change that Malthus had envisaged. Thus research on the links between demographic change and poverty fell into abeyance.

2.1.1 ECONOMIC GROWTH

In the early post WW2 period, the impact of demographic change on economic growth and poverty once again began to attract significant academic attention, with economic demographers arguing that the *rapid population growth* being observed in developing countries was having a negative impact on the pace of economic growth (Coale and Hoover, 1958). During the late 1960s and early 1980s, other writers went still further to forecast that continued population growth would precipitate famines, wars and ecological disaster (Ehrlich, 1975). The pessimistic views of these ‘neo-Malthusians’ were however countered by the cornucopian arguments of those such as Julian Simon (1977, 1981) and Ester Boserup

(1965, 1976) who saw population growth as a stimulus for human ingenuity and technological change, which in turn led to prosperity and development.

The growth of household ‘living standards’ surveys in developing countries during the 1980s and 1990s provided new quantitative evidence to fuel the debate. Empirical analysis revealed that population growth alone did not inherently increase or decrease economic growth (Bloom, Canning and Sevilla, 2003). However other demographic changes can affect the prospects for economic development and poverty reduction. Today, most commentators now agree that recent *rapid fertility decline* has made a significant contribution to reducing the incidence and severity of poverty in developing countries, with fewer children making it easier for families to find a route out of poverty (Birdsall, Kelley and Sinding, 2001). Moreover, changes in the age structure of the population that accompany the early stages of the fertility transition, resulting a larger working-age population and fewer child dependents i.e. the so called ‘*demographic dividend*’, can provide the opportunity for countries to increase savings and investment. Investing in education and providing employment opportunities for the youth labour force can, in turn, significantly accelerate economic growth as seen in the tiger economics of east Asia during the 1980s (Deaton and Paxson, 1997; Higgins and Williamson, 1997; Lee, Mason and Miller, 1999). David Bloom, David Canning and Pia Malaney (1999) calculated that the demographic dividend accounts for as much as one-third of the rapid growth in per capita income experienced by East Asian economies. However, whether countries are able to reap the benefits of the demographic dividend depend as much on political will and the existence of appropriate policies and institutions to foster employment as on demography (Ahlburg, 2002).

As more and more countries enter the final stages of the demographic transition², academic attention has increasingly turned to the impact of the *changing age structure* accompanying demographic transition. Research on the ‘demographic dividend’ quoted above has primarily been concerned with the impacts during the *initial* phase when fertility starts to fall, and when dependency is also declining, and thus have primarily focussed on developing countries. However, the longer term effect of demographic transition is *population ageing*, with older people making up an increasing share of the population as lower fertility results in fewer children feeding in the base of the population pyramid whilst

² The demographic transition is the move from a position where a society experiences high and stable fertility and high and fluctuating mortality to one where there is low and stable mortality and low and fluctuating fertility. Declines in mortality generally occur first, with the lag between mortality decline and subsequent fertility decline being responsible for rapid population growth.

improved longevity results in more people surviving to later life. Given this, significant attention is now being focussed on the relationship between an ageing population and economic growth, highlighting the critical role played by savings.

As was the case with population growth, evidence of a link between population ageing and the macro-economy still remains ‘a matter for argument and speculation’ (p. 153, Johnson and Falkingham, 1992). Based on the life-cycle savings hypothesis, much of the early research assumed that savings decline at older ages and thus that population ageing would necessarily be associated with declining economic growth. Moreover, it was frequently argued an older workforce would also be less productive, further adding to the slow-down. However the influential economist Angus Deaton (1999), amongst others, argued that the life-cycle hypothesis does not accord well with empirical evidence; for example, analysis of the US Retirement History Survey found that rather than individuals reducing their housing equity as they get older, housing equity tended to increase with age after retirement (Venti and Wise, 1989). Andrew Mason (2005) goes further and argues that population ageing may itself result in a *second* demographic dividend, reflecting the increase in wealth-output ratio that may result as a consequence of increased savings as a response to the prospect of higher life expectancy and greater pension savings for retirement.

Over the past decade, there has been a growth in research activity investigating the links between demographic change and economic growth in Europe, as population ageing is expected to put strain on social security expenditures such as pension, health and social care spending. Much of the research has been supported by the European Commission as it is recognised that future economic growth rates in the EU will determine the feasibility of age-related expenditures in member states going forward. A key report by the European Policy Commission (EPC, 2005) predicted declining GDP per capital growth as a direct consequence of changes in the age structure of the population. Some commentators have however questioned the role played by age-specific variations in productivity, challenging the assumed decline in productivity amongst older workers, and calling for further in-depth micro studies on economic-demographic interactions (Prskawtz et al, 2007).

2.1.2 POVERTY

So far, we have reviewed the debates around demographic change and economic growth. Although economic growth is important for poverty reduction, it is clearly only part of the

picture. An earlier review of the relationship between population growth and poverty in developing countries found just one study with direct evidence on this relationship (Ahlburg, 1996). There is however widespread agreement that, at the micro level, household size and poverty are correlated with larger households being at greater risk of poverty (Lipton, 1983; King 1987; Lanjouw and Ravallion, 1995) although there is less agreement on causation, with the correlation being highly sensitive to assumptions made about economics of scale (Falkingham et al, 2009) and pooling of resources within the household (Bascieri and Falkingham, 2009). These relationships will be discussed in more detail below.

Given the link between demographic factors and poverty at the household level, there is surprisingly little literature in either developed or developing country contexts on the role of demographic change on aggregate poverty. Martin Ravallion (2005) usefully draws our attention to the important role played by socioeconomic differentials in mortality and fertility on headcount poverty, and investigates the contribution of socio-economic differentials in these core demographic indicators against an explicit counterfactual where births and deaths are random i.e. independent of poverty status. Before summarising his results, it is important to highlight some perverse outcomes when poverty is measured using headcount poverty. *Ceteris paribus*, when a poor person dies the headcount poverty index falls (as the death removes one person from both the numerator and denominator of the index), but when a non-poor person dies the headcount index rises (as the death only reduces the denominator). Thus what might be considered the ultimate welfare outcome i.e. death, may have the perverse effect of reducing aggregate poverty. Conversely the poverty rate rises when a child is born into a poor family and falls when a child is born into a non-poor family. Ravallion (2005) estimates that selective mortality, whereby poorer people have higher death rates, accounts for 10-30% of the fall in poverty in the developing world during the 1990s, but that this is offset by the impact of differential fertility. Although focussing on the developing world, the article serves to highlight the dangers of not taking socio-economic differentials in key demographic variables into account.

The study of health inequalities in Britain has a long tradition, dating back to the seventeenth century with John Graunt's analysis of the Bills of Mortality, and the investigation of socio-economic differentials in has been a continuing feature of research throughout the past century (Townsend and Davidson, 1982; Whitehead, 1992; Acheson, 1998, Evandrou, 2000). Considering period life expectancy which is the average number of

years a person would live, if they experienced the age-specific mortality rates for that time period throughout their life, in 2002–06, such expectancy at birth for males whose parent(s) had an occupation which was classified as ‘Higher managers and professionals’, such as directors of major organisations, doctors and lawyers, was 80.4 years compared with those born to parents classified to ‘Routine’ occupations, such as labourers and cleaners whose life expectancy was 74.6 years; whilst for women, the comparable figures were 83.9 years compared with 79.7 years (ONS, 2011). We return to this point in Section III below.

In one of the few articles explicitly examining the link between demographic change and poverty, Mark Levitan and Susan Wielerr (2008) focus on the influence of demographic change, income growth and inequality on poverty in New York City over the 30 years 1969–1999, attempting to decompose the change in aggregate poverty into these three components. Again this article is helpful as it highlights the important role in aggregate poverty of changes in the *composition* of the population; in particular, race, family structure and educational attainment. Certain characteristics associated with a heightened risk of poverty at the individual/ family level can influence aggregate poverty rates if there are more people with these characteristics. In a similar vein, Richard Freeman in the classic text *Understanding Poverty* edited by Danizer and Haveman (2001), highlighted that ‘the principal demographic change that may have altered the relationship between the aggregate economy and poverty is the increased proportion of single parent, female headed households (p. 102). Unpacking the trends in the changing population of Britain will be a core theme of Section III below.

Demographic change and poverty: the macro story

- Evidence on the link between population change and economic growth is inconclusive.
- The changing age structure of the population during the demographic transition from high to low mortality and fertility can lead to a ‘demographic dividend’, but only if the right policies are in place to harness the potential of such opportunity.
- Population ageing *may* cause a slow-down in future economic growth, but the jury is still out.
- Evidence on the link between population change and aggregate poverty is sparse.
 - It is important to take **socio-economic differentials** in mortality and fertility into account
 - Aggregate poverty rates may be affected by changes in the **composition of the population** into account, particularly where there is an increase in individuals with ‘excess poverty risks’ in the share of the population.

2.2 (B) THE MICRO STORY – DEMOGRAPHIC CHARACTERISTICS AND POVERTY

The association between a number of demographic characteristics and poverty are well-established: most notably individual characteristics such as gender³, age, disability and ethnicity as well as particular family structures⁴ including lone parent families and large families (i.e. with three or more children) and certain types of people living alone. Section III below reviews the trends in key demographic factors within the UK over the past 30 years. Before doing so however, it is important to address the key question of whether there is a casual link between demographic characteristics and poverty and, if so, the direction of this link.

Evidence from the UK, and overseas, clearly demonstrates the selection of individuals into different family types (single parent, cohabiting family, married family) by, for example, income, education, ethnicity and religiosity. Research from the UK and other developed countries has also shown that children with divorced parents have poorer outcomes on a range of dimensions (emotional, behavioural, social, health, and academic) compared to children with continuously married parents, (for reviews, see Amato, 2000, 2001; Coleman and Glenn, 2009; Kelly, 2000; Kelly and Emery, 2003) and that children living in lone parent families are at a significantly higher risk of poverty - with 46% of children in lone-parent-families in the UK living in relative poverty (Harkness et al.2012). However it is important to note that any difference in outcomes might be a result of factors that also impact on parental divorce that would have been present even if the divorce did not occur (Ni Bhrolchain, 2001) and therefore that the relationship between divorce and child outcomes may be a result of a selection processes as opposed to causality (Amato and Spencer, 2010). For example, low education is associated with both the increased risk of divorce as well as with poverty and poorer outcomes for children (McLanahan, 2004). Given this, it is likely that the low education of the parents would have had a negative impact on the risk of poverty and children's outcomes regardless of the experience of the parental divorce and so we cannot be sure that the relationship between family structure, poverty and poor child outcomes is causal (Thomson and McLanahan, 2012).

³ See JRF Review by Fran Bennett and Mary Daly (2014) and also Chant (2010) for an extensive review of the conceptual, methodological and empirical links between gender and poverty.

⁴ See JRF Review by Martin Culliney, Tina Haux and Stephen McKay.

The growing availability of longitudinal data and more advanced statistical methods means that it is now possible to investigate this issue of selection (or endogeneity) explicitly. Recent research has highlighted that selection effects are significant and that studies which do not control for these effects will overestimate the impact of divorce on children's educational outcomes (Steele et al., 2009). Research using data from the US study on Fragile Families recently concluded that family structure *per se* has only a relatively minor causal effect on the well-being of parents and children (Thomson and McLanahan 2012). The authors noted that “differences in economic resources accounted for much more of the disadvantage associated with non-traditional family structures than differences in parenting, especially differences between single parent families and married parent families” (Ibid: 45). Furthermore research in the UK using data from the birth cohort studies found that children born to married parents do better on average at ages three and five than children born to cohabiting couples, but after taking into account parental characteristics such as age and education, these differences disappear (Goodman and Greaves, 2010; Crawford et al. 2013). Previous research in the British context found that the daughters of non-employed lone mothers were less likely to have attained educational qualifications and financial independence than daughters of two-parent families, however the outcomes for daughters of employed lone mothers were similar to those for daughters of dual-earner households (Kiernan, 1996), again highlighting the influence of economic factors (i.e. employment).

Moreover economic disadvantage itself may be associated with an increased risk of divorce. Evidence from in-depth qualitative research indicates a number of inter-related experiences associated with partnership breakdown including lack of money, lack of control over money, conflicts over gender roles, and domestic violence (Rowlingson & McKay, 2005). Using BHPS data, Blekesaune (2008) found that unemployment is associated with a heightened risk of partnership dissolution for both men and women. Similarly, Doiron and Mendolia (2012), also using BHPS data, found that couples in which the husband experienced a job loss were more likely to divorce – thus some families are ‘selected’ into lone parenthood through unemployment – which is also associated with poverty. As highlighted by Culliney, Haux and McKay (2014) in their JRF review, it is important that these selection effects are taken into account when considering the relationship between poverty and broader outcomes for children of being raised in single parent, cohabiting or married couple families.

With these important caveats in mind, we now go on to review the available evidence on trends in family formation and dissolution along with other importance changes in the composition of the population as a result increasing longevity and international immigration (and emigration) and increasing ethnic diversity.

Demographic change and poverty: the micro story

- The association between a number of demographic characteristics and poverty are well-established including:
 - Gender
 - Women face a higher risk of poverty than men
 - Age
 - Children and older people face a higher risk of poverty than those of working age
 - Disability
 - Individuals who are disabled and/or in poor health face a higher risk of poverty
 - Ethnicity
 - Individuals from some ethnic groups are more likely to be disadvantaged
 - Particular family structures face a high risk of poverty
 - lone parent families
 - large families (i.e. with three or more children)
 - certain types of people living alone
- 'Association' is not however the same as 'causation';
 - It is important to consider the *selection* of individuals into different family types (single parent, cohabiting family, married family), for example, according to income, education, ethnicity and religiosity.
 - Once selection is taken into account, the causal link between 'demographic characteristics' and poverty is weakened.
 - However, the direction of causality is complex; economic disadvantage may be associated with a heightened risk of divorce as well as lone parenthood, in turn leading to an elevated risk of poverty.

3. LOOKING BACK: POPULATION CHANGE IN THE UK OVER THE PAST 30 YEARS

The size, composition and distribution of a population are determined by fertility, mortality and migration. The last century was a time of enormous demographic change. In 1901 the population of the UK was 39.3 million; by 2001 it had reached 59.1 million. In 1901, the total fertility rate was 3.5; by 2001 it was 1.7. In 1901 the average life expectancy for a man was 45 years; by 2001 it was 75 years. During the twentieth century more people emigrated from the UK than immigrated; with the net exodus from the UK over the entire century being 15 million.

The Demographic Balancing Equation:

$$P_{t2} = P_{t1} + B - D + I - E$$

Where:

P_{t2}	Population at time 2
P_{t1}	Population at time 1
B	Births
D	Deaths
I	In-migration
E	Out-migration

The first decade of the twenty-first century has witnessed continued population growth, with the population of the UK in mid-2010 numbering 62.8 million (ONS, 2013a). During the decade, there were 1.4 million more births than deaths and 2.1 million more international migrants arriving than emigrants leaving, with the result that net natural increase accounted for 44% of the growth of the population and net immigration 56%.

One of the unexpected demographic developments of the past decade has been the increased level of migration, reflecting in particular the growth of immigrants from the EU following accession of the A8 countries in 2004, with the result that the population of the UK has become even more diverse. At the time of the 2011 Census, there were 7.5 million people living in England & Wales who were not born in the UK, accounting for 13% of the total population). Of these, only half (50 per cent or 3.7 million) had lived in the UK for ten years or more (i.e. arrived before 2001). Around one quarter of the foreign born (26 per cent or 1.9 million) had lived in the UK for 5-10 years (i.e. arrived between 2001 and 2006), and almost a quarter (24 per cent or 1.8 million) had lived in the UK less than five years (i.e. since 2007).

The top five non-UK countries of birth in 2011 (India, Poland, Pakistan, Republic of Ireland and Germany) reflect migration flows that have occurred at different times. For example, 38 per cent of Irish-born residents in 2011 arrived before 1961; by contrast 86 per cent of Polish-born residents arrived in 2004 or later following the accession of Poland to the European Union (ONS, 2013b). These differences in the timing of migration are in turn reflected in differences in the age structure of the non-UK born population, with the majority of A8 migrants being in their 20s and 30s.

3.1 INCREASING ETHNIC DIVERSITY

Table 1 below shows how the ethnic composition of the population has changed over the last two decades. Several points stand out. First, one in five (19.5%) identified with an ethnic group other than White British in 2011 compared with 13% in 2001. Second, the largest absolute change in population size was amongst 'White other' reflecting the growth in the number of migrants from the EU. In particular there has been a ten-fold increase in Polish migrants over ten years from 2001-2011; in the 2001 Census 58,000 Poles were recorded in the resident population, by 2011 this had risen to 579,000. The largest single ethnic minority group remains Indian, accounting for 2.5% of the population (1.4 million), followed by Pakistani. Over the decade however there has been a marked increase in the number of people identifying themselves as 'other Asian'.

Existing research clearly shows that ethnicity has a relationship with poverty (Barnard and Turner, 2011). Around two-fifths of people from ethnic minorities live in low-income households, twice the rate for White people (DWP, 2014). There are also clear differentials within the Black & minority ethnic population with the risk of poverty being highest amongst Pakistani and Bangladeshi households. However the relationship is complex, reflecting differentials in education, employment and family structures amongst other factors.

Among those in working families, around 65% of Bangladeshis, 50% of Pakistanis and 30% of Black Africans are living in low income. These rates are much higher than those for White British (10%), White other, Indians and Black Caribbeans (all 15-20%).

Ethnic differentials in the likelihood of being in paid work tend to both persist and accumulate over the life course, resulting in a higher poverty risk for individuals from particular ethnic groups especially in later life (Ginn and Arber, 2001). In addition, such

poverty risk is accentuated by particular characteristics relating to the health profiles, living arrangements and cultural norms of certain ethnic groups. Berthoud's (1998) study of the incomes of Black and Minority Ethnic groups noted that it was the combination of Pakistani and Bangladeshi men's and women's lower chances of being in employment and earning sufficient earnings with the relatively high number of persons living in their household, which lead to a higher risk of poverty and a higher reliance on the welfare state. In 2001, the average household size among Bangladeshis was 4.5 persons, followed by 4.1 among Pakistanis and 3.3 among Indians (ONS, 2006), while 44 per cent of Bangladeshi households were overcrowded compared with 6 per cent of household among the White British majority (Ibid). Similarly, Evandrou (2000) has used data from the General Household Survey to show that Bangladeshi men and women at every age from 16 years and over are more likely than individuals from other BME groups and from the White British majority, to report a limiting long-standing illness. Interestingly, more recent research into the circumstances of different cohorts of BME groups has identified changing attitudes towards paid work and family formation, with second-generation migrants who were educated in the UK being more likely to set up smaller families and dual-earner households (Barnes and Taylor, 2006

Ethnic group	1991		2001		2011		1991-2011		2001-2011	
	N	%	N	%	N	%	Change	% Change	Change	% Change
White British	-	-	45,721,236	87.3%	45,134,686	80.5%	-	-	-586,550	-1.3%
White Irish	-	-	646,616	1.2%	531,087	0.9%	-	-	-115,529	-17.9%
White Other	-	-	1,379,499	2.6%	2,485,942	4.4%	-	-	1,106,443	80.2%
White Gypsy or Irish Traveller	-	-	-	-	57,680	0.1%	-	-	-	-
All White	47,429,019	93.5%	47,747,351	91.2%	48,209,395	86.0%	780,376	1.6%	462,044	1.0%
Mixed White-Caribbean	-	-	240,438	0.5%	426,715	0.8%	-	-	186,277	77.5%
Mixed White-African	-	-	80,705	0.2%	165,974	0.3%	-	-	85,269	105.7%
Mixed White-Asian	-	-	192,229	0.4%	341,727	0.6%	-	-	149,498	77.8%
Mixed Other	-	-	158,582	0.3%	289,984	0.5%	-	-	131,402	82.9%
All Mixed	-	-	671,955	1.3%	1,224,400	2.2%	-	-	552,445	82.2%
Indian	891,827	1.8%	1,053,302	2.0%	1,412,958	2.5%	521,131	58.4%	359,656	34.1%
Pakistani	494,973	1.0%	727,727	1.4%	1,124,511	2.0%	629,538	127.2%	396,784	54.5%
Bangladeshi	176,912	0.3%	286,693	0.5%	447,201	0.8%	270,289	152.8%	160,508	56.0%
Chinese	173,184	0.3%	233,346	0.4%	393,141	0.7%	219,957	127.0%	159,795	68.5%
Other Asian	211,199	0.4%	247,157	0.5%	835,720	1.5%	624,521	295.7%	588,563	238.1%
All Asian	1,948,095	3.8%	2,548,224	4.9%	4,213,531	7.5%	2,265,436	116.3%	1,665,307	65.4%
Caribbean	569,621	1.1%	572,212	1.1%	594,825	1.1%	25,204	4.4%	22,613	4.0%
African	255,336	0.5%	494,669	0.9%	989,628	1.8%	734,292	287.6%	494,959	100.1%
Other Black	221,040	0.4%	98,068	0.2%	280,437	0.5%	59,397	26.9%	182,369	186.0%
All Black	1,045,997	2.1%	1,164,949	2.2%	1,864,890	3.3%	818,893	78.3%	699,941	60.1%
Arab	-	-	-	-	230,600	0.4%	-	-	-	-
Other	324,922	0.6%	227,497	0.4%	333,096	0.6%	8,174	2.5%	105,599	46.4%
Total population	50,748,033	100.0%	52,359,976	100.0%	56,075,912	100.0%	5,327,879	10.5%	3,715,936	7.1%

Table 1: Growth of ethnic diversity in England & Wales, 1991-2001-2011

Source: Data for Briefing 'How has ethnic diversity grown 1991-2001-2011' The 1991, 2001 and 2011 Censuses (Crown Copyright), and complete population estimates 1991-2001 based on them. www.ethnicity.ac.uk 2011 Census data taken from table KS201EW.

Notes: There have been changes in the question wording over time which mean that some groups are not directly comparable e.g. in 2001 the 'Other Black' group was significantly smaller in size than in 1991 or 2011.

3.2 RISING FERTILITY

The other ‘surprise’, or unexpected trend, has been the upswing in fertility. Since 2001 the number of births has risen steadily each year, and in 2012 the total fertility rate⁵ reached 1.94, a level not seen since the early 1970s (ONS, 2013c) (see also Figure 1). There is no single explanation underlying the rise in fertility in England and Wales. The TFR is influenced by changes in the timing of childbearing within women’s lives (known as the tempo effect) as well as any changes in final family size (quantum). The recent rise reflects two ‘tempo’ effects that are reinforcing each other: more women in the population currently in their twenties (born in the 1980s and 1990s) are having children than amongst previous cohorts *and* more women at older ages (born in the 1960s and 1970s) are having children, these women having previously postponed having them. In addition, there are more women of child bearing age as many of the A8 migrants referred to above are in their child bearing years. The percentage of births to non-UK born mothers has increased from 12% in 1991 and 16% in 2001 to 25% in 2011. In 2011, the TFR for non-UK born women was estimated to be 2.29 children per woman, compared to 1.90 for women born in the UK (ONS, 2013c).

Economic factors may also play a role. Often a period of recession can lead to a period of reduced fertility (Sobotka et al., 2011). There has been some slowdown in the rise in TFR since 2008. However other factors may be acting to offset the impact of recession; as noted in the JRF Review by Culliney, Haux and McKay, there have been a number of government initiatives aimed at disadvantaged families including tax credits, parental leave and child care. These ‘family friendly’ initiatives have acted to buffer the economic costs of young children and thus supported fertility during the economic downturn.

⁵ The TFR is the average number of live children that a group of women would have if they experienced the age-specific fertility rates of the calendar year in question throughout their childbearing lives.

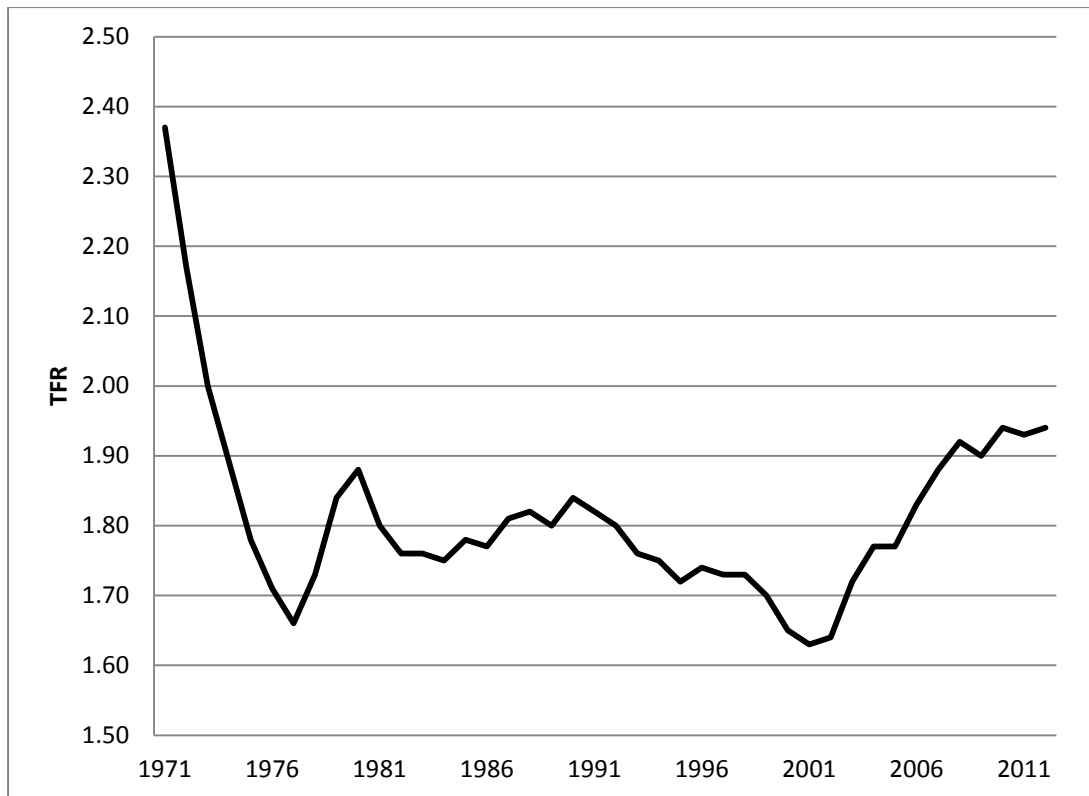


Figure 1: Total Fertility Rate (TFR), England and Wales, 1971-2012

Source: ONS, 2013c

3.3 CHANGING LIVING ARRANGEMENTS

Over the past 30 years there have been significant changes in living arrangements with the emergence of new family forms including increasing cohabiting couple families, single parent families and blended families. There has also been a rise in solo living, particularly in mid and later life; and shifts in the timing of transition to adulthood, with a rise in the number of 25-34 year olds living with their parents.

The proportion of births outside of marriage has increased dramatically from under one in ten births (8%) in 1971 to nearly one in two (47%) in 2012. The majority of the rise in extra marital fertility in the UK is associated with increased cohabitation (O'Leary et al., 2010) and currently around 30% of all births take place to a cohabiting couple (Crawford et al., 2013). The proportion of all families with dependent children that are 'cohabiting couple family' doubled from around 7% in 1996 to around 15% in 2013 (ONS, 2013d).

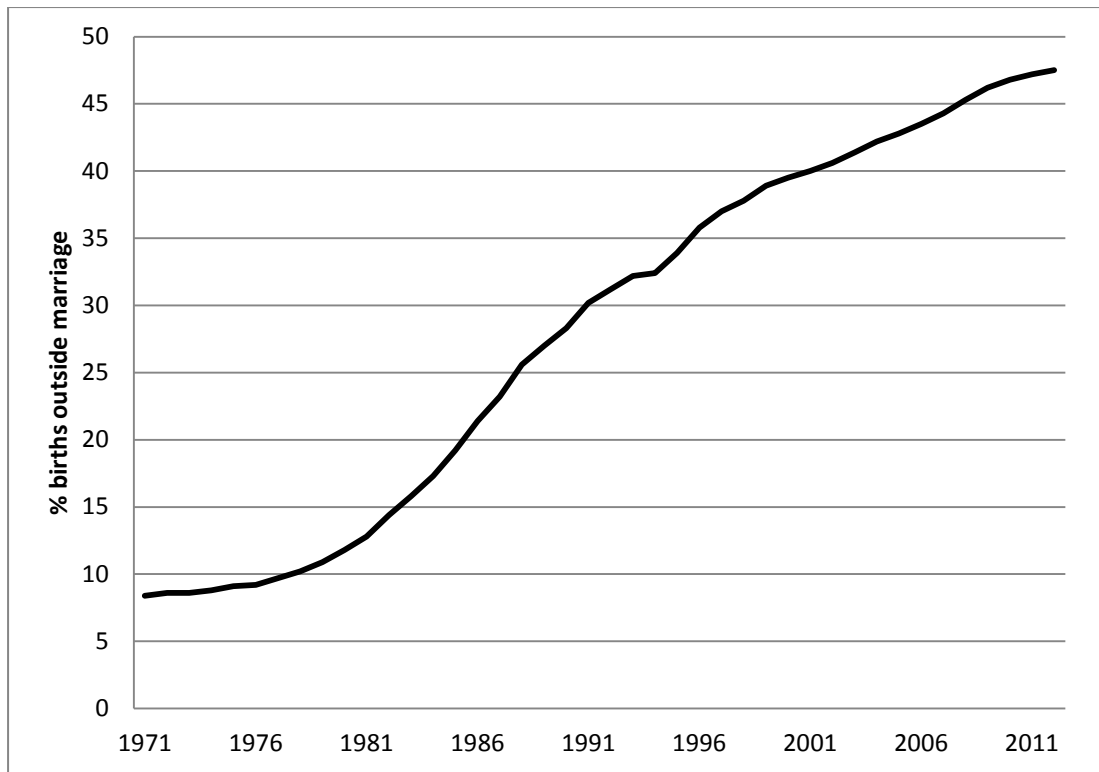


Figure 2: Percentage of births outside marriage, England and Wales 1971-2012

Source: ONS, 2013c

The rise in extra marital fertility is also reflected in the rise of ‘single’ (i.e. never married) lone mothers. In 2011, single lone mothers accounted for 10% of families with dependent children – and half of all lone parent families; this compares to just 1% in 1971 (Table 2). This in part reflects the rise in cohabitation over the period with some women becoming ‘single’ lone mothers through the break-up of a cohabiting union. However there has also been a rise in un-partnered lone motherhood over the period (see also Table 2 and related discussion). Young, single lone mothers are particularly likely to come from poor socio-economic backgrounds (Rowlingson and McKay, 2005; Kiernan et al, 2011); thus the direction of causality with regard to poverty is unclear.

3.3.1 RISING PARTNERSHIP DISSOLUTION

The other main route into lone parenthood is through partnership dissolution. Figure 3 below shows trends in the divorce rate over the past 40 years for men and women. Divorces per 1,000 marriages peaked at 14 per 1,000 in 1993 and have fallen steadily over the last decade. In 2012 rates were around 11 per 1,000 for both men and

women. This fall in part reflects the change in partnership behaviour and the growth of cohabitation as an alternative to marriage. The divorce rate is a period measure. If we change our lens to take a cohort approach, the picture is somewhat different. The percentage of marriages ending in divorce has generally increased for those marrying between the 1970s and the early 1990s. For example, 22% of marriages in 1972 had ended in divorce by the 15th wedding anniversary, whereas 32% of marriages in 1997 had ended after the same period of time (ONS, 2014). However, amongst the most recent cohorts, there are some signs of a reduction between successive cohorts in the proportion of marriages ending in divorce.

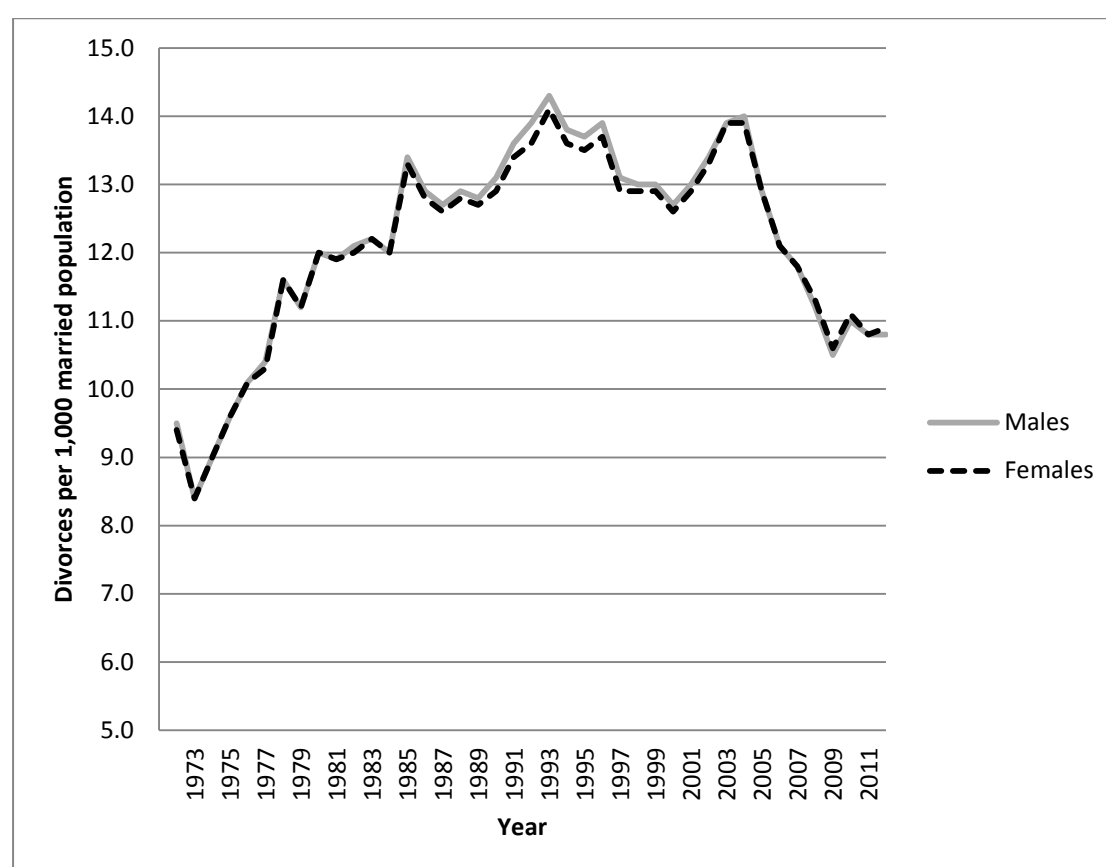


Figure 2: Divorce rates by sex, England and Wales, 1972-2012

Source: ONS, 2014

A key factor is the number of children affected by divorce. Almost half (48%) of couples divorcing in 2012 had at least one child aged under 16 living in the family. Overall 99,822 children aged under 16 were living in families where the parents divorced in 2012, a decrease of 43% from 1993 when there were 175,961 children.

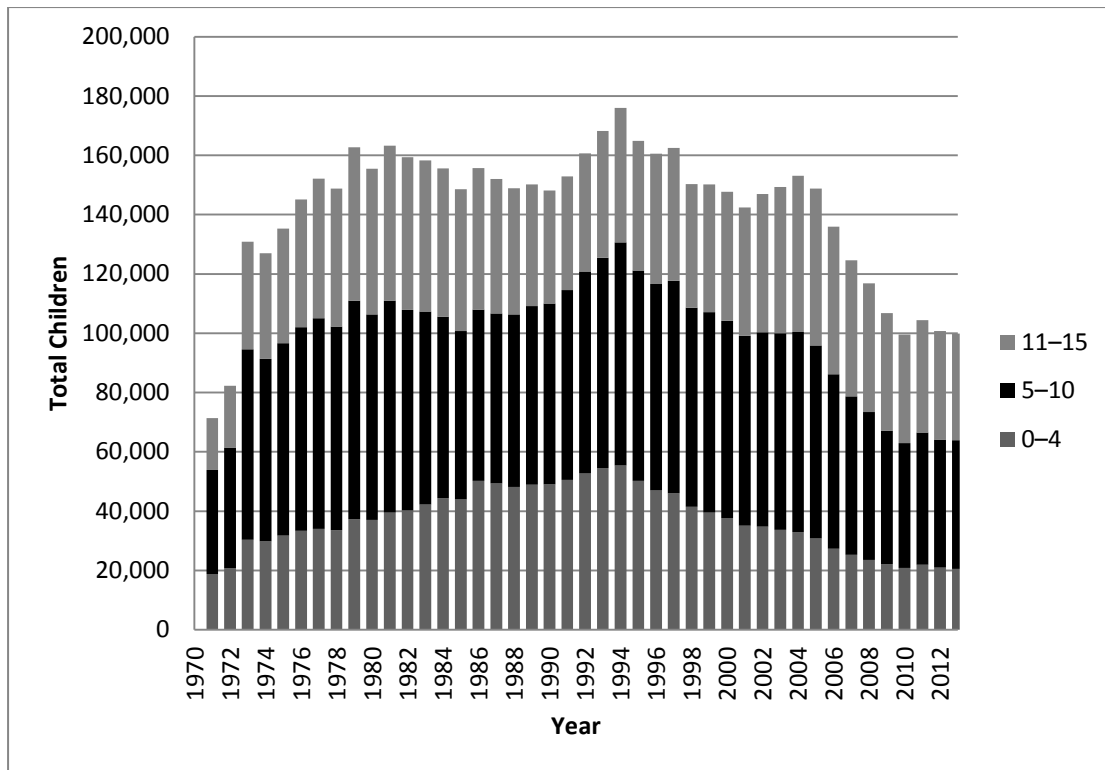


Figure 4: Children whose parents divorce during the year by age, England and Wales 1970-2012

Source: ONS, 2014

Administrative data only capture the dissolution of formal marital unions and it is difficult to obtain data on the number of children affected by partnership breakdown in cohabiting families. The 2011 Census suggests that there are nearly 1.9 million lone parents with dependent children (ONS, 2014; Census table KS107UK, released 23rd January 2014).

As we discussed above, couples from lower socio- economic background, and those who have experience of unemployment are more likely to experience partnership dissolution. Amongst the 1.9 million lone parents, 40.9% were not in employment, 33.5% were in part-time employment and 25.6% were in full-time employment. Given the link between employment, or lack thereof, and poverty, it is perhaps not surprising that lone parent families tend to experience a greater risk of poverty, although social transfers mitigate this risk (Chzhen and Bardshaw, 2012; Richardson and Bradshaw, 2012).

Table 2 shows the changes in the composition of families with dependent children over the past four decades and the steady rise in families headed by lone mothers through to 2001 followed by a decade of relative stability.

Great Britain

Family type	1971	1975	1981	1985	1991	1995	2001	2005 ²	2011 ³
	%	%	%	%	%	%	%	%	%
Married/cohabiting couple ⁴	92	90	87	86	81	78	75	74	78
Lone mother	7	9	11	12	18	20	22	24	20
single	1	1	2	3	6	8	10	11	10
widowed	2	2	2	1	1	1	1	1	1
divorced	2	3	4	5	6	7	7	8	5
separated	2	2	2	3	4	5	4	4	4
Lone father	1	1	2	2	1	2	3	2	2
All lone parents	8	10	13	14	19	22	25	26	22

Key:

1 Dependent children are persons aged under 16, or aged 16-18 and in full-time education, in the family unit, and living in the household

2 2005 data includes last quarter of 2004/5 data due to survey change from financial year to calendar year.

3 Results from 2006 onwards include longitudinal data

4 Including married women whose husbands were not defined as resident in the household.

Table 2: Families with dependent children, showing lone parents by marital status, 1971-2011

Source: ONS, 2013e

- The proportion of families with dependent children headed by a lone parent has tripled in the last 40 years, rising from 8% in 1971 to 26% in 2005 and falling to 22% in 2011; lone mothers tend, on average, to experience a greater risk of poverty.

3.3.2 SOLO LIVING

A key change in living arrangements across the last thirty years has been the rise of solo living. In 2013, 7.7 million people in the UK lived in single person households. Although the proportion living alone is highest amongst the oldest age groups (Figure 5), as a result of both partnership dissolution but also gender-differentiated improvements in life expectancy, a significant rise has also been seen amongst those in mid-life (aged 35-59), particularly amongst men (Figure 6).

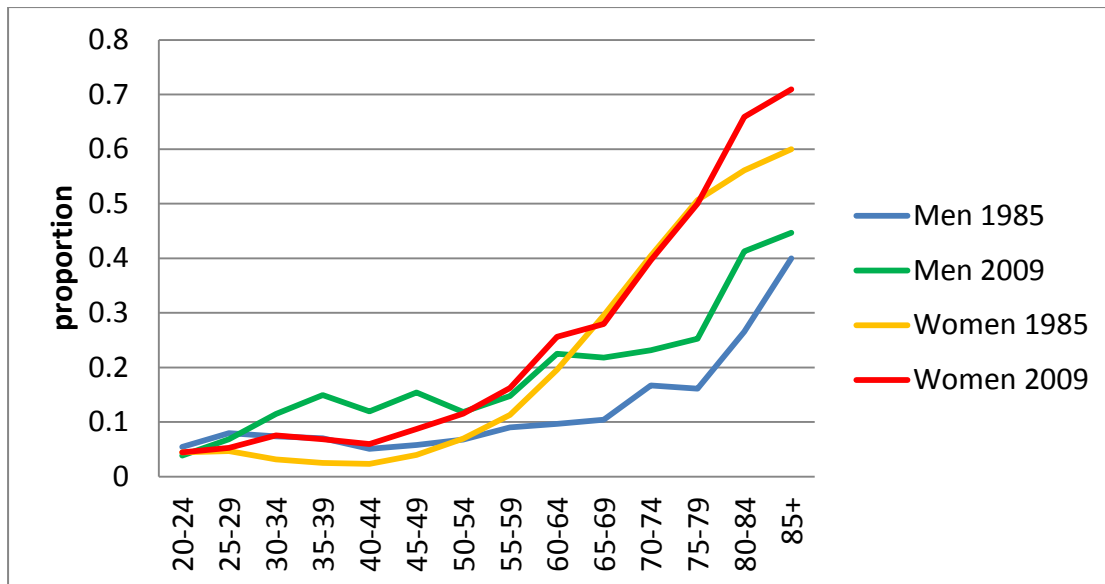


Figure 5: Proportion of men and women living alone, by age, 1985-2009

Source: Authors' own analysis General Household Survey (GHS) 1985 and 2009

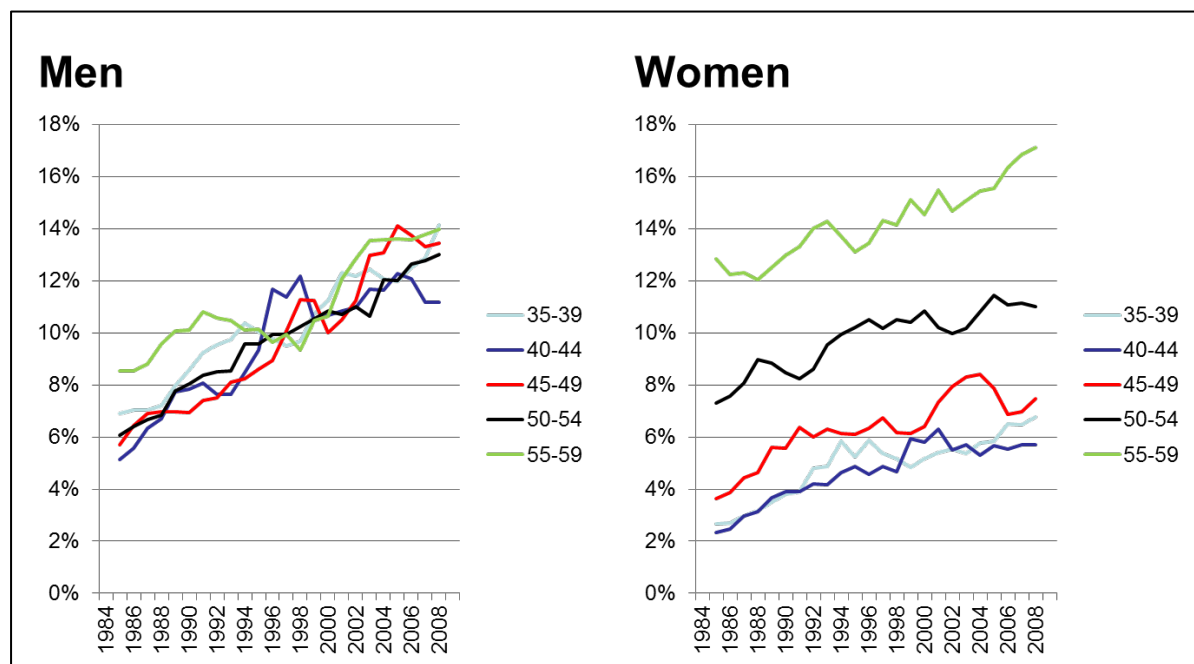


Figure 6: Proportion of men & women living alone in mid-life, 1985-2008

Source: Authors' own analysis General Household Survey (GHS) 1985 and 2009

Research conducted by the ESRC Centre for Population Change (CPC) using data from the first wave of Understanding Society found that although partnership dissolution is the main trajectory into living alone in mid-life, a non-negligible proportion of solo-living men have never experienced a co-residential partnership

with 24 per cent of 55 to 64 year old men living alone never having a partner or become a parent (Demey et al, 2013). Moreover those living alone in mid-life have relatively lower socio-economic status than those living with a partner, and this is especially the case for never partnered men in late mid-life – highlighting a group that could be of potential concern to policy-makers as they move into later life.

In contrast, the proportion of men and women living alone in young adulthood has actually fallen over the past decade (Figure 7). This in part reflects the rise in the proportion of young adults aged 20-34 living in the parental home (Berrington et al, 2009).

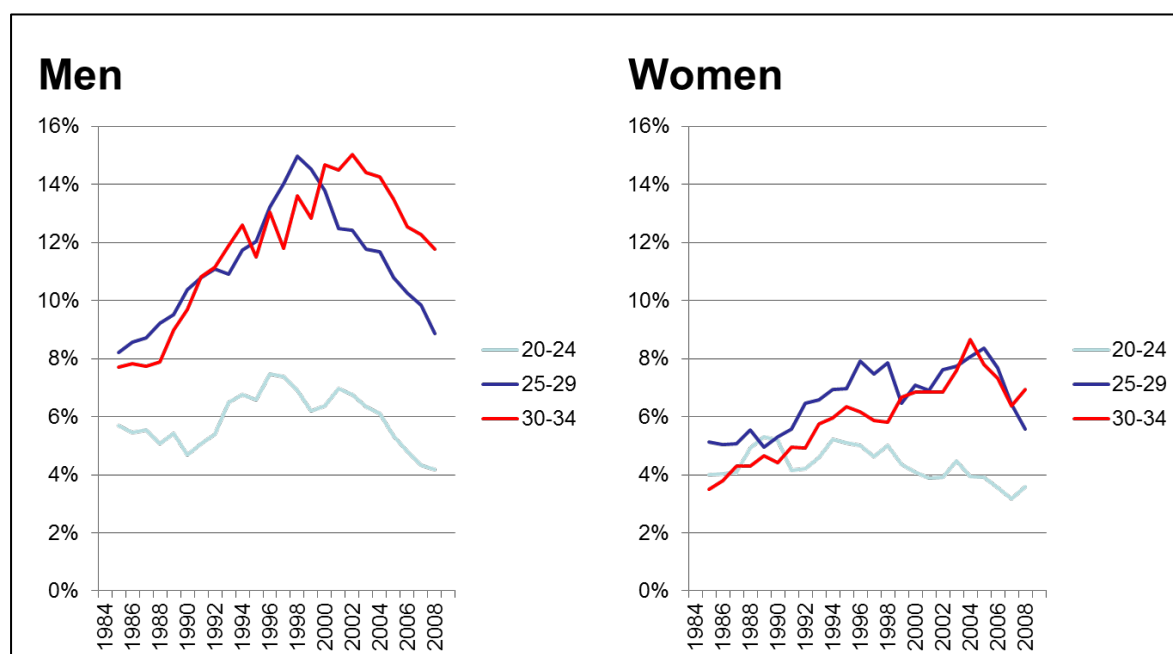


Figure 7: Proportion of men & women living alone in young adulthood, 1985-2008

Source: Authors' own analysis General Household Survey (GHS) 1985 and 2009

Research by CPC found that economic factors are important for delaying home-leaving, including local house prices as well as individual circumstances such as being unemployed (Stone et al, 2011). In terms of returning home, experiencing a separation or divorce is a key trigger, but its effect differs for men and women and for those with and without children. In particular, newly un-partnered mothers are unlikely to return to live with their parents, possibly due to women's ability to build strong social networks over the lifecourse and partly due to their ability to access welfare benefits, while single, non-resident fathers – who have little access to welfare

support – are the group most likely to return after a partnership ends. These findings may become increasingly important in view of recent policy changes relating to, for example, housing benefit and social housing.

- Men living alone in mid-life who have never partnered and fathered children may face later life with few family resources
 - Men in young adulthood following partnership breakdown are more likely to return home
- Both these groups have to date attracted little attention in the poverty literature but may do so in future.

3.3.3 THE CHANGING LIFE COURSE

Changes in the timing and patterns of key transitions such as leaving home, family formation and dissolution have resulted in a transformation in the life course. Figure 8 below exemplifies how the proportion of women experiencing various demographic events has changed amongst successive cohorts of women. For more recent cohorts, the latest ONS birth and marriage statistics show that amongst women born in 1985 31% had become a mother by age 25, similar to those born in the mid 1970s, but just 6% had married - reflecting the shift to cohabitation (Figure 9).

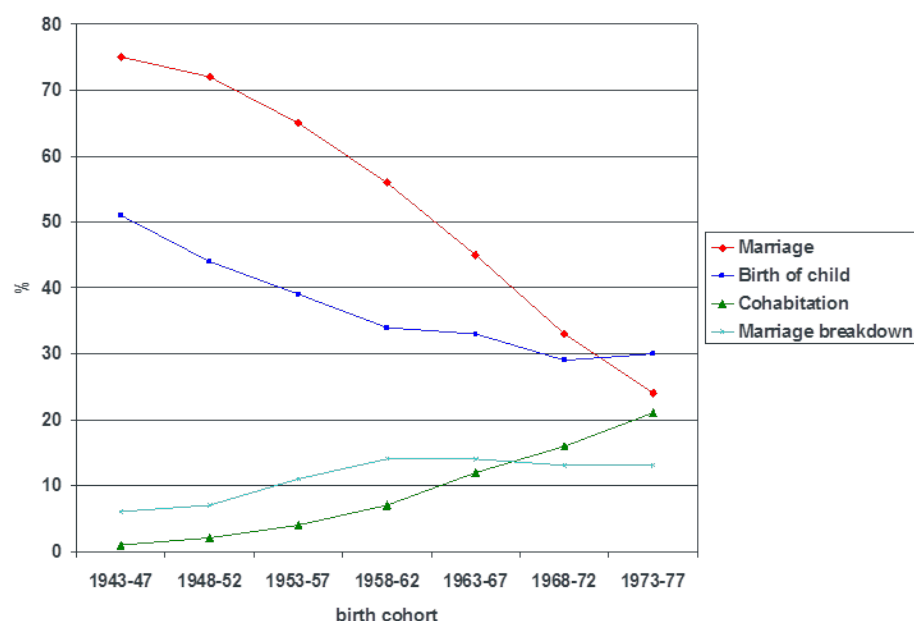


Figure 8: Proportion of women experiencing various life events by age 25, by birth cohort

Source: ONS Birth and Marriage Statistics, various years

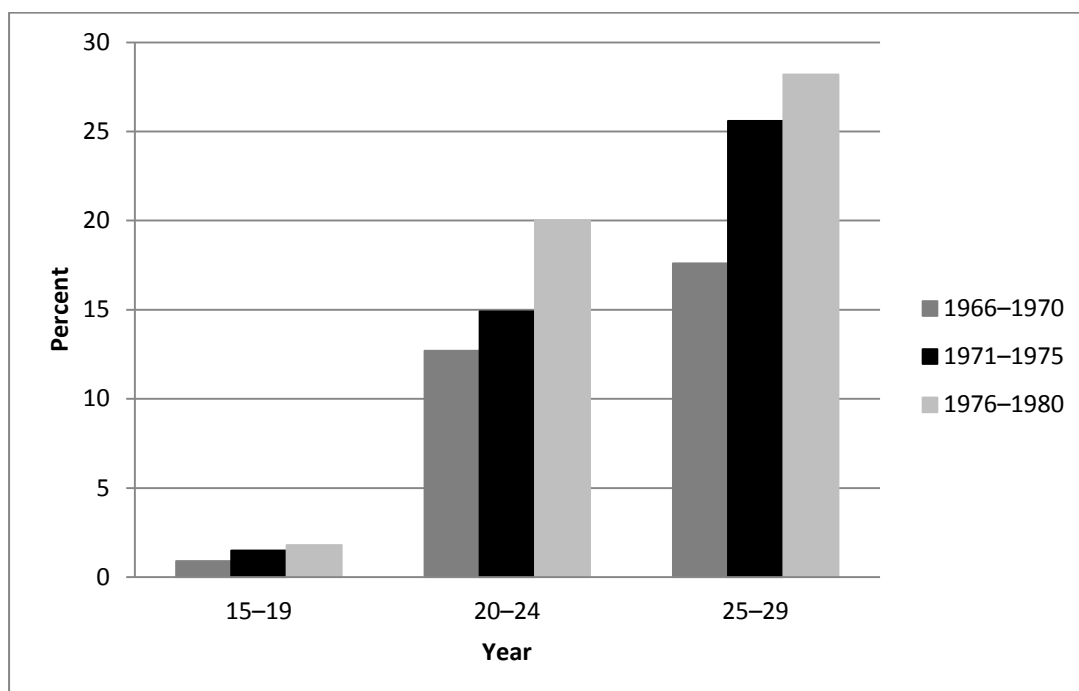


Figure 9: Percentage of individuals cohabiting: by year of birth and age

Source: Authors' own analysis General Household Survey (GHS) 1985 and 2009

These demographic changes are also taking place alongside other social and economic changes which have meant that it has become more difficult to predict what kind of lifestyle, work, leisure and family role an individual may be engaged in at a particular chronological age. Work by Evandrou and Glaser (2002) examined how multiple role holding i.e. being a parent, a carer and a worker has changed across cohorts, with the likelihood of providing intensive care to someone who is sick, handicapped or elderly during mid-life is rising across cohorts.

3.3.4 POPULATION AGEING

One of the most dramatic changes in the UK population over the past century has been the change in its age structure. In 1901 the proportion of the population aged 65 and over was about 5%, by 1941 it had doubled to 10% and by 1981 the proportion reached 15%. Today just over 16% of Britain's population is aged 65 and over, and the proportion has been fairly stable for the last 20 years. However, over the course of the next 20 years, we can expect to see a significant rise in both the absolute number and the proportion of the population aged 65+ as the large baby boom cohort born in

the immediate post WW2 years and the subsequent baby boom born in the late 50s to mid-1960s enter retirement. In 2021, 20% of the population will be 65 and over, and this will rise to 23% by 2031 and 25% by 2041.

The older population is itself ageing; today the population aged 85 and over, i.e. the 'oldest-old', is the fastest growing age group in the UK population. In 1901 the population aged 85+ constituted just 0.2% of the population; in 2011 the 'oldest old' accounted for about 2% of the total population (1.4 million). The growing number of people surviving into late old ages reflects significant recent gains in mortality at later ages. In 2013, a man aged 65 in the UK could expect to live on average for another 18.5 years compared to 13 in 1981, an increase of 5.4 years. Similarly, a woman of the same age could now expect to live for a further 21 years compared to 16.9 in 1981, an improvement of 4.1 years (ONS 2013f). There are significant differences across the constituent countries of the UK; life expectancy at age 65 is lowest for men and women in Scotland and highest in England.

Since the late 1980s, the percentage of pensioners *as a group* falling below the relative poverty line, whether defined at 50%, 60% or 70% of the median income, has continued to fall (Figure 10a). Such a trend is mirrored in the fall of poverty among other groups in the population, such as working-age parents and children (Figure 10b). Between 1991 and 2008, the percentage of pensioners who experienced persistent low income fell from 21% to 8% (DWP, 2014). Such trends are explained by a combination of successive cohorts of individuals reaching later life with a higher amount of resources, but also changes in the welfare system which have increased the absolute value of the old-age pension over time, and a commitment from successive governments to tackling poverty and social exclusion in later life.

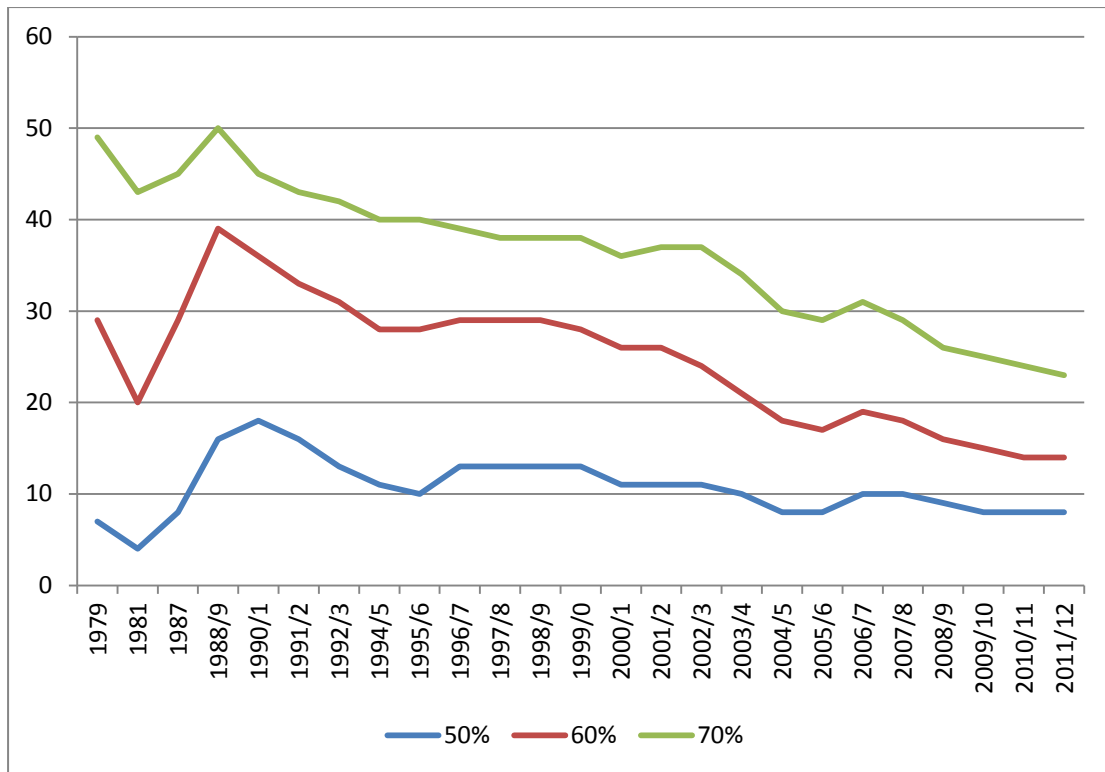


Figure 10a: Percentage of pensioners below 50%, 60% and 70% of median income (after housing costs), 1979-2011/12

Source: DWP, 2014.

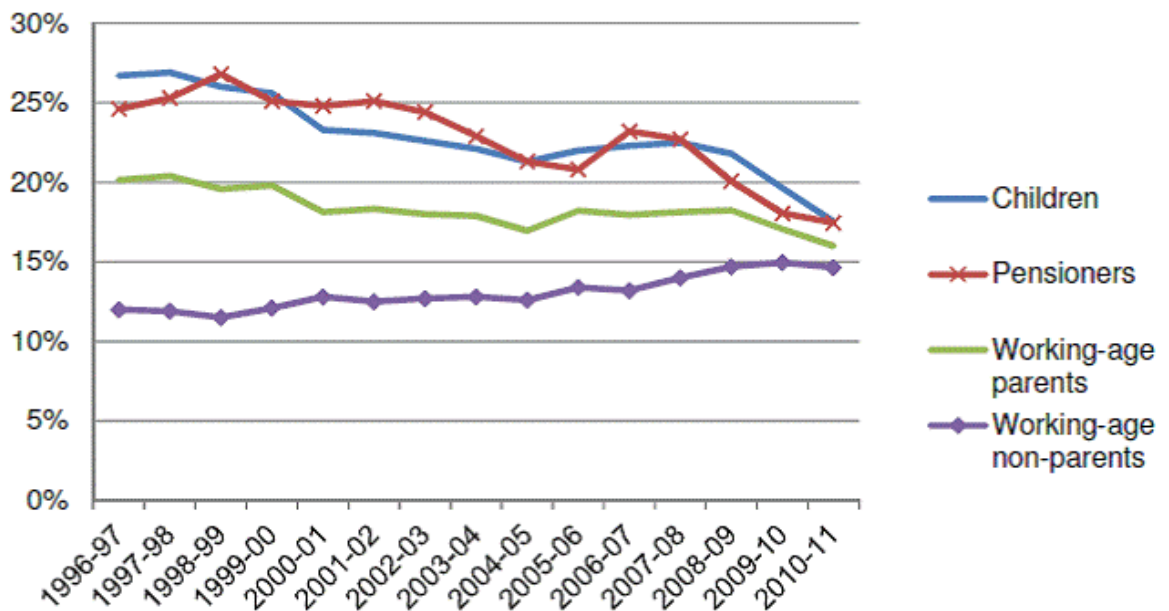


Figure 10b: Percentage of population below 60% of contemporary income before housing costs by population group

Source: Hills (2013) Fig. 9b (evidence from DWP/IFS analysis of HBAI data)

However, some sub-groups of the older population with specific characteristics have not benefited to the same extent from such developments. For example, traditionally old age has been associated with a heightened risk of poverty for women (Bradshaw et al 2003; Burholt and Windle, 2006; Thane 2006; Vlachantoni 2012), primarily as a result of women's diverse life courses and patterns of labour market participation, and the interaction of the latter with the pension system (Hollis, 2006; Evandrou, Falkingham and Vlachantoni, 2010; Sefton et al 2011). Indeed, in 2011/12, 36% of pensioners with an income below 60% of the median income (after housing costs) were male and 64% were female (DWP, 2014). Using the different indicator of material deprivation, about 61% of pensioners who were defined as materially deprived were women in 2011/12, compared with 39% who were men (DWP, 2014).

Over the past decade there has been significant progress in reducing pensioner poverty. Such progress has been achieved through the interaction of a number of changes, including the extension of means testing, a significant number of older people failing to claim their entitlements, the flattening of the State Second Pension (S2P), the reduction in the number of years to be eligible for a state pension (to 30) and finally the linking of the basic state pension to earnings in 2010 (Price and Ginn, 2006; Evandrou and Falkingham, 2009). The DWP's latest estimates show that in 2009-10, between 32%-38% of pensioners eligible to the overall Pension Credit were not claiming for this benefit, while the non-take-up percentage was higher for the Savings than for the Guarantee part of the Credit (DWP, 2012). Interestingly amongst today's older people, more than half (54%) of pensioners in relative poverty in 2011/12 had no occupational/ personal pension, and more than one-third (34%) had no savings (DWP, 2014). Going forward, the pension reforms in the late 2000s have focused on encouraging individuals to invest in occupational and private pensions and in savings. It is too early to tell whether recent initiatives such as auto-enrolment will in future lead to fewer older people entering later life without a second tier pension and facing a lower poverty risk.

4. LOOKING FORWARD: POPULATION CHANGE IN THE UK OVER THE NEXT 30 YEARS

Section III has highlighted key changes in the UK population over the past 30 years. This section moves the focus from the past into the future, highlighting anticipated demographic changes and their links with poverty.

Forecasting the future is fraught with uncertainty. One area however where we can have more certainty than others is the continued ageing of the population and the growth of the oldest old. According to the most recent population projections released by ONS in November 2013, the number of people aged 80 and above is projected to more than double by mid-2037, the number of people aged 90 and over is projected to more than triple, and the number of centenarians is projected to rise from 13,000 in mid-2012 to 111,000 in mid-2037, a more than *eight-fold* increase. This increase in the numbers of older people means that by mid-2037 one in 12 of the population is projected to be aged 80 and over (ONS 2013g). The challenges of such an ageing population are discussed in the 2010 JRF report ‘Demographic issues, projections and trends: Older people with high support needs in the UK’ (Falkingham et al, 2010).

It is also likely that we will see a continued growth in the diversity of the population, both as the current cohorts of migrants age in situ alongside the arrival of new waves of migrants of working age. For example, Figure 11 using data from the 2011 Census shows that 21% of today’s youngsters in England & Wales are non-White-British. The ONS does not produce population projections by ethnicity. However, in an article published in 2010 Prof David Coleman presents a range of scenarios demonstrating the sensitivity of any estimates to immigration and emigration. Recent work by Prof Phil Rees and colleagues suggests that the ethnic minority share of the population will rise to between 20-25% by 2051 depending on assumptions made concerning emigration (Rees, Wohland and Norman, 2012).

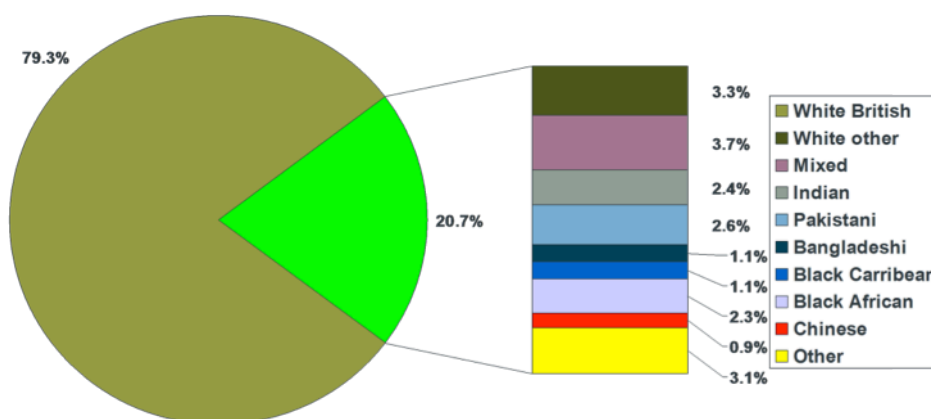


Figure 11: Ethnic composition of the population aged 15-19 in England and Wales, 2011

Source: Census, 2011. (Table DC2101EW Ethnic group by sex by age)

It is also likely that the number of cohabiting couple families will rise, continuing the upwards trend observed from 2.2 million in 2003 to 2.9 million in 2013. Alongside this, the number of dependent children living in cohabiting couple families will rise from the 1.9 million in 2013, breaking through the two million barrier. The recognition of children living in such family types, which are themselves quite diverse in terms of other demographic and socio-economic characteristics, will be of growing importance by policy-makers who are tasked with catering for the ever-increasing diversity in the demographic composition of the population. Given rising fertility, increasing cohabitation and continuing high levels of partnership breakdown, it is also likely that the number of children living in lone parent families (currently 3 million children live such families) will increase, although the growth is unlikely to be as rapid as that witnessed in the late 1990s.

With rises in life expectancy, more older people may expect to live as couples than alone, particularly in early later life (65-74) with declining widowhood offsetting rising divorce rates. However a significant minority will be living solo, with implications for the availability of co-residential social care.

What about the links with poverty? As discussed above, many demographic changes per se are not casually related to poverty. However the growth of groups that are known to be at a heightened risk of experiencing poverty is a cause for concern. Single older pensioners and lone mothers families may be particularly disadvantaged. However policy also needs to reflect the growth in diversity of family forms, with

increasing numbers of parents choosing to cohabit rather than marry and also the growth of hidden families as adult children increasingly co-reside with their parents well into their 20s and 30s. Such changes are indicative of the changing nature of the British society, and of the significant policy challenge lying ahead. It is interesting to note that the fastest growing household type between 2002 and 2013 was households containing two or more families, rising by 39% from 206,000 in 2003 to 286,000 in 2013 – although multi-family households still represent only 1% of all households (ONS, 2013e).

Household type	(a) Distribution of households by household type (%)	(b) Percentage of household type living in poverty (below 60)% median income AHC)
Pensioner couple	14	12
Single male pensioner	2	16
Single female pensioner	5	17
Couple with children	35	21
Couple without children	18	13
Single with children	8	43
Single male with no children	11	28
Single female with no children	7	28
Total	100%	21%

Table 3: UK population by household type (a) and percentage of each household type living below 60% of median income AHC (b), 2011/12

Source: DWP (2014)

Tables 3 and 4 provide some indication of the current household composition of the British population, and the associated poverty risk for each household type based on the most recent evidence, followed by preliminary projections of the future household composition of society in England by 2021. In particular, the projected increase in the number lone parent households (Table 4a), is a source of concern as these categories are currently associated with heightened risks of poverty (Table 3, column b). Lone parents are twice as likely to be in poverty than other household types, and the projected growth in such households is also twice the average. Large households with 3+ dependent children are also projected to increase by 10% over the next decade, further adding to the risk of child poverty. Although single female pensioners as a whole are currently less likely to be poor than on average, there is

significant diversity within the pensioner population with the oldest old, particularly those living alone, being most likely to be poor. With improvements in mortality at older ages, those aged 80 plus are the fastest growing age group in the UK, being expected to increase from just under 3 million in 2012 to 3.8 million in 2022 and 5.6 million in 2032 (ONS, 2014). Thus the rise in single older person households is also of concern. The predicted percentage change in each household type between 2011 and 2021 is shown in Figure 12.

	2011	2021	% change
One person 65+	2892	3250	12.4%
One person under 65	3891	4142	6.5%
Couple and no other adult	9465	10065	6.3%
Couple and one or more adult	2508	2781	10.9%
Lone parent	1712	2114	23.5%
Other	1632	1956	19.9%
All households	22102	24307	10.0%

Table 4a: Household projections (thousands), England (2011-2021)

Source: ONS 2013g

	2011	2021	% change
0 dependent children	15,941	17,409	9.2%
1 dependent children	2,759	3,256	18.0%
2 dependent children	2,309	2,477	7.3%
3 dependent children	1,094	1,206	10.2%
All households	22102	24307	10.0%

Table 4a: Household projections (thousands), by number of dependent children England (2011-2021)

Source: ONS 2013g

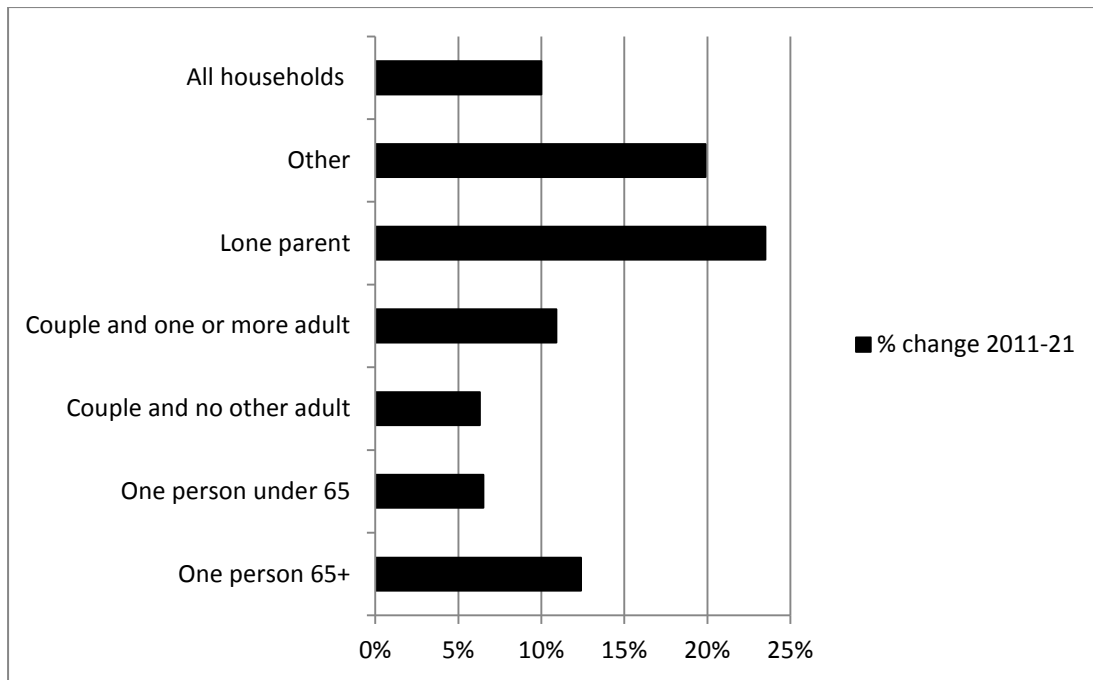


Figure 12: Percentage change in the number of households by type, 2011-2021

Source: ONS, 2013g

5. KEY FINDINGS

In exploring the research questions posed at the beginning of this review, the following findings can be summarised.

- At the macro-level, the evidence on the link between population change and economic growth is inconclusive. The changing age structure of the population during the demographic transition from high to low mortality and fertility can lead to a ‘demographic dividend’, but only if the right policies are in place to harness the potential of such opportunity.
- Evidence on the link between population change and aggregate poverty is sparse. It is important to take socio-economic differentials in mortality and fertility into account, as aggregate poverty rates may be affected by changes in the composition of the population, particularly where there is an increase in individuals with ‘excess poverty risks’ in the share of the population.
- At the micro-level, the association between a number of demographic characteristics and poverty are well-established including gender, age, disability, ethnicity and particular family structures, including lone parent

families, large families (i.e. with three or more children) and certain types of people living alone.

- However, it is important to consider the *selection* of individuals into different family types (single parent, cohabiting family, married family), for example, according to income, education, ethnicity and religiosity. Once such selection is taken into account, the causal link between ‘demographic characteristics’ and poverty is weakened, and the direction of such link is complex.
- ‘New’ demographic changes associated with the risk of poverty include the rise in solo living, particularly in men living alone in mid-life who have never partnered and fathered children, and in men in young adulthood who are more likely to return home following partnership breakdown.
- Other future demographic changes that may influence aggregate poverty levels are the rise in non-British-born individuals (given the continuing link between ethnicity and poverty); the rise in lone parents and the increase of co-habitation(?).
- Such changes reflect the increasing diversity of British society and the need for social policy to address newer and more nuanced risks of poverty, emanating from the interaction of various demographic characteristics.

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