

# Expenditure-based poverty in the UK: a distributional analysis, 2002 to 2015

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In most high-income countries, in order to assess households' economic well-being, researchers have generally focused on household income. A common way to measure poverty rates has been to look at the number of individuals whose household income falls below a certain threshold (e.g. Eurostat, 2017). However, it has been argued that, for both theoretical and practical reasons, expenditure may be a better indicator of longer-term financial circumstances and should therefore be taken into account when measuring living standards (e.g. Brewer & O'Dea, 2012; Noll, 2007). Empirical analysis suggests that the story on poverty is very different, depending on whether household income or expenditure is considered when measuring poverty (Brewer et al., 2006). However, evidence is lacking on what happened to living standards in the UK on expenditure-based measures during and after the 2008 recession. This paper addresses this gap by using Living Costs and Food Survey data to provide expenditure-based poverty analysis and explain any movements in poverty rates in the UK between 2002 and 2015. We present some results suggesting that households at the very bottom of the income distribution have disproportionately high expenditure and we attempt to offer some explanation for this pattern. In addition, a demographic breakdown of expenditure poverty is provided, which helps address the important question of who is considered poor when expenditure is used to measure poverty. An extra dimension is added to the analysis by looking at how personal well-being changes across both the income and expenditure distributions.