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## Annex A Poverty gap statistics

CITY OF YORK COUNCIL: APRIL 2024 – MAY 2024

Based on cohort of 8,567 households receiving council tax support and housing benefit

### Summary

- In May 2024, there were 2,992 households that were in relative poverty, with 1,909 children captured in LIFT. The poverty line used in these calculations is defined as 60% of median household income, which has been sourced from the ONS website, which is currently £1,615 (annual median income of £32,300 divided by 12 to give a monthly figure, multiplied by 60%). Across all these households there is £340,473 of Council Tax arrears, Rent arrears, and Housing Benefit Overpayments.
- Table 1 shows that the percentage of households in relative poverty has slightly increased from 34.1% to 34.1% in April 2024 to 34.9% in May 2024. The total poverty line shortfall in September 2022 is £1,389,311. This means that it would take £1.3m to bring 2,992 households out of relative poverty.
- Table 2 shows that since April 2024, majority of households in relative poverty had a monthly income £101 to £400 below the poverty line. The share of households with monthly income of £101-£400pm below the poverty line has decreased by roughly 5% from April to May. Over the same period, the share of those with monthly income of >£700 less than the poverty line increased by about 6%.
- Table 3 shows the mean equivalised poverty line is £1746 in September 2022, which is roughly the same as that in April 2024. The equivalised poverty line is higher than the non-equivalised two person household poverty line because the sample captured in this report has a relatively large share of families with children.

**Table 1: Summary statistics**

Month	Percentage of households in relative poverty	Median poverty line shortfall	Mean poverty line shortfall	Number of households in relative poverty	Total poverty line shortfall
Apr 2024	34.1%	£325	£398	2,924	£1,164,567
May 2024	34.9%	£371	£464	2,992	£1,389,311

**Table 2: Proportion of households by size of poverty line shortfall**

Month	Income £100/month below poverty line	Income £101-£400/month below poverty line	Income £401-£700/month below poverty line	Income >£700/month below poverty line
Apr 2024	17.5%	42.3%	23.7%	16.4%
May 2024	16.2%	37.1%	24.5%	22.2%

**Table 3: Poverty gap index**

Month	Mean equivalised poverty line	Mean household income	Mean shortfall	Poverty gap index
Apr 2024	£1,773	£1,375	£398	22.5%
May 2024	£1,746	£1,282	£464	26.6%

## Methodology

- Summary statistics shown in the tables (e.g. median and mean shortfalls and household incomes) are calculated using households who are in relative poverty as shown in the LIFT platform, which uses an equivalised poverty line (i.e. adjusted for household composition).

- The poverty line used in these calculations is defined as 60% of median household income, which has been sourced from the ONS website, which is currently £1,615 (annual median income of £32,300 divided by 12 to give a monthly figure, multiplied by 60%).
- To reflect wage inflation since the ONS published their median income estimate in the 23/24 financial year, we have adjusted the £1,615 in line with the OBR's most recent Economic and Financial Outlook (Table 1.1). For FY23/24, the latest estimate is 4.1%, increasing the poverty line to £1,681. For FY24/25, the latest estimate is 1.7%, increasing it to £1,710.
- This report covers FY23/24 and calculations are adjusted to household size.
- The equivalised poverty line uses weightings of one third for additional adults and children over fourteen, and one fifth for children under fourteen.
- For example, if there is one child under fourteen in a household with two adults, then the poverty line will be increased by a factor of 1.2. If a household is made up of three adults, it would be increased by a factor of 1.33.
- Both Tables 1 and 2 are calculated using the same equivalised poverty lines as shown on the LIFT platform.
- Table 1 contains summaries of households in relative poverty as identified in the LIFT platform by month, showing summary statistics including the count and proportion of households in relative poverty, the mean and median shortfalls versus the equivalised poverty line, and the total poverty line shortfall (the mean multiplied by the count).
- Table 2 categorises these household by the size of their shortfall relative to the equivalised poverty line.
- The poverty gap index shown in Table 3 is the ratio between the mean income shortfall and the mean equivalised relative poverty line for each month.
- It is based on the poverty gap measure as defined by the OECD: "The poverty gap is the ratio by which the mean income of the poor falls below the poverty line."
- The calculation involves taking the difference between the mean average equivalised poverty line for that month and the mean household income

for households in relative poverty (the ‘Mean shortfall’), and dividing this by the mean equivalised poverty line for that month:

$$Poverty\ gap\ index = \frac{Mean\ poverty\ line - Mean\ household\ income}{Mean\ poverty\ line}$$

- The table shows the components of this calculation: the mean household income is subtracted from the poverty line to give the mean shortfall. The poverty gap index is then calculated by dividing the mean shortfall by the poverty line.
- The poverty gap index provides a measure of the depth of poverty that can be interpreted independently of the number of households in the data set. A higher value indicates greater depth of poverty than a low value.
- Note that the mean equivalised poverty line is higher than the non-equivalised two person household poverty line – this is because households with more than two people are more prevalent in the data, meaning that the average equivalised poverty line is higher than the unadjusted amount.

