

Summary of key findings - Definition and size of the EFT's potential beneficiary and donor groups

Prepared for the Elizabeth Finn Trust by The Future Foundation

Objectives

The Elizabeth Finn Trust has commissioned the Future Foundation to conduct research to look more closely at the vulnerability of their client group. The Future Foundation have conducted desk research and re-analysis of the British Household Panel Survey¹ in order to find whether the Elizabeth Finn Trust client group can be easily defined and recognised within society. We have also looked at the scale of the problem and the reasons behind downward social mobility within the professional classes.

Professional classes key statistics

Professional classes as defined by EFT	27.2 m	62%	British or Irish people within the UK adult population
assets > £16,000	7.3 m	27%	of professional classes
assets < £16,000 (excluding those below)	12.0 m	44%	of professional classes
assets < £16,000 and recent 10% drop in income	4.1 m	15%	of professional classes
assets < £16,000 and living in poverty	3.8 m	14%	of professional classes

Key findings

It's a significant problem - the Future Foundation have found that 14% of the professional classes² - 3.8 million adults in the UK - are below the poverty line.^{3,4} These make up the potential EFT client group.

How do people with the advantage of a professional background get in this position?

Downward social mobility can occur when one or a combination of the following factors pushes an individual into a vicious cycle of decline: a lack of educational qualifications; financial constraints; a lack of work; marital breakdown or death of spouse; poor health; lack of social capital – eg, lack of social support networks in times of crisis and a lack of cultural capital – eg, a lack of knowledge of the culture enjoyed and discussed by their peers.

The EFT potential client group is more likely than the UK adult population as a whole to experience these triggers.

They are less qualified - the potential EFT client group are much less likely than the UK population to hold professional qualifications (only 6% have a first degree as opposed to the national average of 11.9%) and a third have no qualifications at all.

They are more financially constrained - EFT professionals are more likely to rely on benefits as a source of income. Sixty per cent of their income comes from benefits compared to only 46% of the poorest groups in the population as a whole.

They are less likely to be in work – only 40% of the EFT potential client group are working compared to 56% of the adult UK population as a whole and 70% of their professional peers.

¹ The Future Foundation has a joint venture with the Institute for Social and Economic Research (ISER) at Essex University, which allows us special access to the government-funded British Household Panel Survey (BHPS). The BHPS is widely regarded as one of the best longitudinal studies in the world. It has tracked the attitudes and behaviour of a representative sample of 5,000 households in the UK, involving 10,000 individuals, annually since 1992.

² Definition of professional class by the Future Foundation for the Elizabeth Finn Trust: British or Irish people: Professional class defined by whether the respondent, their spouse or ex-spouse, mother or father has or ever held a designated professional occupation.

Professional occupations as defined by EFT using ONS classification of occupations in 2000 and 1990.

³ EFT professionals have below £16,000 of net assets (not including housing) And EFT professionals have a household income below the poverty line – ie, 60% of median income

⁴ see over

They are less likely to be in a partnership - nearly a third (31%) of the EFT group are divorced, separated or widowed compared with only 16% of all UK adults and 13% of their professional peers.

They suffer from poorer health – across a range of 14 different health problems from dependency on alcohol and drugs and anxiety and depression to high blood pressure, heart problems and strokes – the EFT potential client group are more likely to experience them.

They have less support in a crisis – the EFT potential client group are less likely to have someone who can help them in a crisis.

And they have less access to culture - EFT professionals are less likely to take part in leisure activities. Over a quarter (28%) spend nothing on leisure activities in an average month compared with only 18% of the UK population.

Overall, this is having a severely negative impact on the quality of life experienced by this group. The EFT potential client group are more likely to experience symptoms of stress and strain – a greater proportion of them suffer from loss of sleep, have problems overcoming difficulties and see themselves as worthless.

The future

The rate of downward social mobility from the professional classes is growing.

One downside to an increasingly meritocratic society (or at least a society where the majority of adults have further qualifications) is that a lack of educational qualifications becomes more important as a trigger to downward social mobility. Among the professional classes, one quarter leave school without five good GCSEs. Whereas once this group may have got into the workplace through their connections, this will be increasingly difficult in a world where qualifications are paramount.

With the ageing population, we will see an increase in the numbers of retired professionals who are in an ever more precarious position as a result of the increasing uncertainty of personal and company pensions. With increasing longevity, their pensions are squeezed at the other end too since it means that annuities are paying out increasingly smaller amounts as the money has to stretch further.

There is a decreasing marriage rate and an increasing divorce rate and as a result we expect smaller numbers of the professional classes to be in long-term partnerships. Once again this will have the likely impact of increasing the EFT potential client group as the lack of a partner is a key trigger to downward mobility.

Overall, it seems likely that the EFT professional class will polarise more in the future, with the educated and better networked leaving others less fortunate than themselves behind in the workplace and in social and leisure life. **If current trends continue we will see up to 11% of the adult population in the UK falling into the EFT potential beneficiary group.**

⁴Key Facts: Income (www.poverty.org.uk)

- The most commonly used threshold of low income is 60% of median income. In 2001/02, before deducting housing costs, this equated to £9,724 per annum or £187 per week for a couple with no children, £5,928 p/a or £114 p/w for a single person, £14,196 p/a or £273 p/w for a couple with two children and £10,400 p/a or £200 p/w for a lone parent with two children.
- In 2001/02, 12.5 million people were living on incomes below this income threshold. This represents a drop of 1.5 million since 1996/97.
- The numbers of people on relative low incomes remained broadly unchanged during the 1990s after having doubled in the 1980s.
- In 2001/02, there were 8.5 million people on incomes below the fixed threshold of 60% of 1996/97 median income. This represents a drop of around 6 million since 1996/97.
- Half of all people in social housing are on low incomes compared to one in six of those in other housing tenures.