

1 Eradicating child poverty

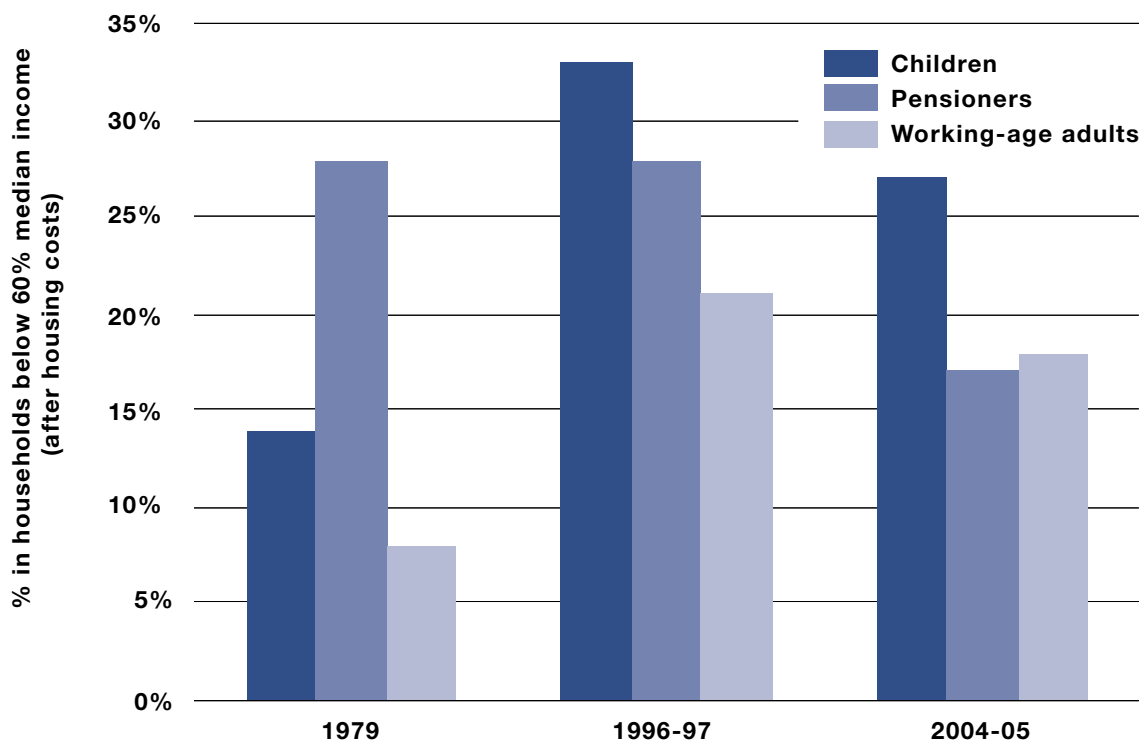
A historic mission

After child poverty doubled at the end of the last century, tackling it has become a priority ...

In the past generation, the position of child poverty in the UK has changed in two historically unprecedented ways. The first is that the proportion of children living in relatively poor families has doubled. The second is that a government has stated its intention of eradicating child poverty, within another generation, and started adopting large-scale policies designed to tackle this problem directly.

In the 1980s and early 1990s, the UK became a much more unequal society in terms of income and wealth. In the past decade, despite some progress in the opposite direction, poverty and inequality have remained at high levels. Overall, the percentage of people on relatively low incomes is far higher than in 1979. But the distribution of poverty has also

Figure 1 In the past generation, children have become the group most at risk of poverty



Source: The source of this graph, and of other poverty data in this report where not indicated otherwise, is DWP (2006) *Households below average income 1994/5-2004/5*, London: The Stationery Office. These data cover Britain only, although supplementary data on Northern Ireland are referred to on page 22 below.

changed. In particular, child poverty has grown much faster than poverty overall, and children have replaced pensioners as the demographic group with the highest poverty rates, as shown in Figure 1.

... with a growing consensus that all children should share in rising living standards.

While levels of poverty and inequality have not changed much since the mid-1990s, political attitudes towards them have transformed. All political parties have come to accept that relative poverty matters: that as most people in the UK become more prosperous, the country's poorest households should not be left behind. A growing consensus that tackling child poverty should be a special priority has been influenced by several factors. In particular:

- child poverty can cause particular forms of hardship among a group of people who are powerless to change their situation;
- child poverty potentially imposes heavy costs, material and otherwise, on society, today and in years to come;
- international experience shows that the UK level of child poverty is not inevitable.

Child poverty and the suffering of children

The need to fight child poverty is rooted in the real hardship that it causes...

Child poverty has elicited public sympathy, especially in developing countries, because children can be seen as innocent victims. In the UK, where poverty is not killing millions of children a year as elsewhere in the world, the suffering that it does cause is nevertheless clearly not the fault of those who experience it. The evidence shows that this suffering is indeed real. Nearly one in five children surveyed in 1999 lacked at least two things considered by most people in Britain as 'necessities' because their parents could not afford them¹. About a quarter of a million children had parents who could not afford to buy them a warm coat, about half a million were unable to celebrate special occasions or invite friends round even occasionally for tea or a snack, and over two million did not get even a week's holiday away from home each year because their parents cannot afford it. While these numbers appear to be falling², more recent evidence shows that large numbers still lack material necessities (7 per cent of lone parents cannot afford fish or meat every other day) and the ability to interact socially (two in five lone parents and one in ten couple families cannot afford to go on outings or take gifts to parties)³. Thus, children who are poor in the UK suffer because they cannot do or cannot have the everyday things that their friends take for granted.

... and although not every child on low income is deprived ...

The measure most commonly used to monitor child poverty is the percentage of children at any one time who live below 60 per cent median income (see Box 1). This is an arbitrary

Box 1: Measuring poverty through relative income

The most convenient way of continuously monitoring poverty is by looking at the number of people whose incomes fall below a percentage of median income. The median is the income below which exactly half of the population's income falls. In calculating this figure, each individual's *household* income is considered after adjusting for the size and composition of the household. The most common poverty threshold, used across Europe, is 60 per cent of median income.

Income may be considered either before or after housing costs. The latter shows people's disposable income after paying a rent or mortgage, compared to the disposable income of others in the population. This is a useful way of comparing day-to-day living standards, which may not reflect very accurately the amount that people spend on their housing. However, to the extent that being able to afford a higher rent or mortgage is part of reducing poverty and hardship, the before housing cost measure is also of value. This report draws on both measures, but uses the after housing cost measure where not otherwise stated.

The reality of child poverty: (A) What does it mean in terms of family income?

What does it mean in financial terms to be poor? In 2004-05, the latest financial year for which income figures are available, poor children were defined as those living in households with incomes below a threshold that varied with family size. For example, a family⁴ was defined as poor if it had less than the following amounts each week to pay for everything after covering the rent or mortgage:

£113 for a lone parent with a 10-month-old baby

£187 for a lone parent with two children aged 5 and 11

£269 for a couple with two children aged 5 and 11

£353 for a couple with four children aged 2, 5, 11 and 14.

(Ready reckoner: start with £183 for a couple or £101 for a lone parent, then add for each child: £13 age 0-1; £33 age 2-4; £38 age 5-7; £42 age 8-10; £48 age 11-12; £51 age 13-15; £70 aged 16-18 and still in full-time education.)

threshold used as an international standard. Although it is very roughly the level needed to purchase goods that have been calculated as necessary for a modern family budget⁵, in practice, children below this threshold do not all go without basic necessities, while some children above it are deprived of such items.

... severe and persistent poverty remain disturbingly high ...

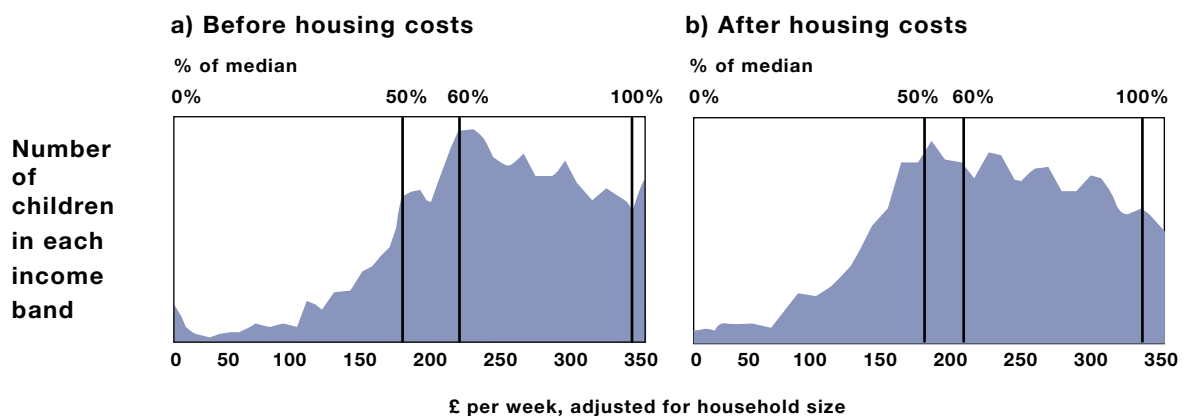
Yet a 'snapshot' of the number of children below 60 per cent median income tells only part of the story. Among the 3.4 million children classified as being in poor on this measure,

most are in fact considerably poorer, while for the great majority, poverty is not just a transitory experience.

One in six children live in households that are not only below 60 per cent but also below 50 per cent median income. For a lone parent with two children this means getting by on below about £150 a week. As shown in Figure 2, some families are well below even this lower threshold. The risk of this deeper form of poverty is particularly high for non-working families. Half of children with no parent in work fall below this lower threshold. Figure 2 shows a ‘bunching’ of incomes at around 50 per cent median after housing costs, associated with benefit rates. But not all children with such low family incomes are living on benefits: about a million of those below 50 per cent median have at least one working parent.

Figure 2 Many children live in families in deep poverty

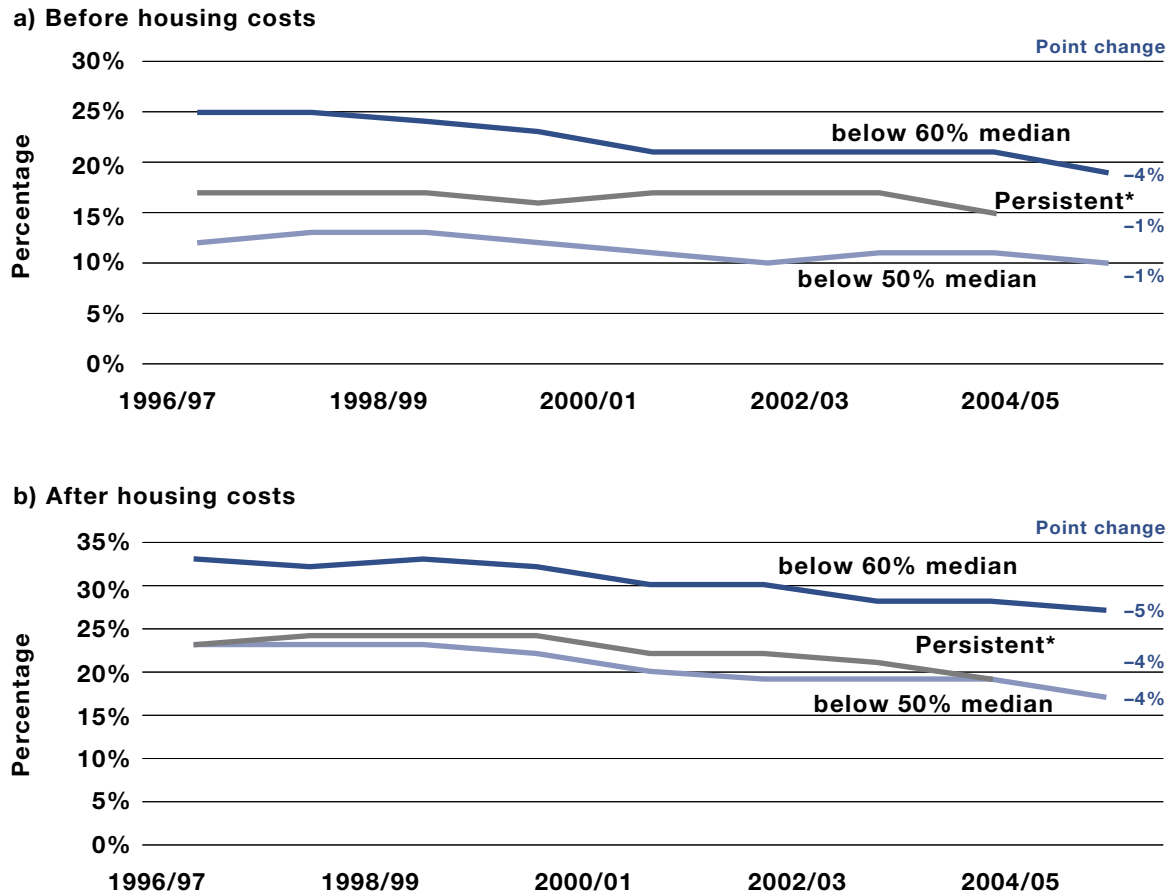
Incomes of children below median income, 2004–05



Moreover, while some poor children face only temporary adversity, others remain poor over many years. The continuing degradation of poverty is more likely to scar the childhood of children in persistently poor families, who are unlikely to have spare resources to draw on and more likely to go into debt. Over two thirds of children in households below 60 per cent median income have been in poverty for at least three of the past four years.

Figure 3 shows the substantial numbers in both severe and persistent poverty. Both have been coming down along with overall poverty, when measured after housing costs. Yet with over two million children on less than 50 per cent median income, and a similar number in persistent poverty, after housing costs, there is no room for complacency.

Figure 3 Behind the headline rates of child poverty, most of the problem remains relatively severe and long-lasting (child poverty rates since 1996–97)



Source: DWP, Households below average income
 * Persistent = below 60% median in at least three of past four years

... while certain groups face particular hardships ...

At the same time, the experience of poverty can be particularly difficult for certain groups. Among those at greatest risk⁶ are:

- **Children in acute housing need.** Over 100,000 children are in homeless families placed in temporary accommodation; around 900,000 are in overcrowded homes; and about half a million are in homes considered unfit for human habitation⁷. (These figures are for England, and overlap.) The hardship of living in housing squalor can dominate the experience of childhood.
- **Children with disabled parents.** One in four children living in poverty has at least one disabled parent. Where such parents do not work, they are less likely to be classified as poor than other workless households, because various disability benefits boost their incomes. However, this classification does not take account of the extra costs of disability, and the extra hardship this may cause. Disabled parents within work, moreover, are more likely than other working parents to remain poor, reflecting difficulties many disabled people

have in progressing in the labour market⁸. Thus, children with disabled parents are particularly vulnerable to persistent poverty.

- **Children of asylum seekers**, as well as children who have arrived in the UK without parents, seeking asylum. Children of asylum seekers are excluded from various measures protecting the welfare of other children in the UK. Most fundamentally, they are denied access to even the basic living standards accorded to other children, as their parents only receive Income Support worth 70 per cent of the usual rate, as well as being barred from working while their cases are being considered. Children's charities say that their research shows that this group's status as asylum seekers is given precedence over their status as children⁹.
- **Gypsy and Traveller children**. Many of these children face multiple disadvantages, combining financial with other forms of hardship¹⁰. Participants at a discussion event in Belfast, one of the sessions held by the Joseph Rowntree Foundation seeking feedback on ideas generated by this project, highlighted the particular combination of poverty and prejudice confronting these children. Organisations working with Travellers in other parts of the UK have also identified a wide range of concerns including worse health and education outcomes than settled families.

Box 2: The reality of child poverty: (B) The lived experience, described by three 12-year-olds

(From *Waiting for the future, Poems by children on poverty and bad housing*, Shelter and End Child Poverty, 2006)

Living in poverty is never wearing something
That someone else has not already worn
Living in poverty is never buying something
That someone else has not already bought
Living in poverty is getting tired of people
Wanting you to be grateful
Living in poverty is checking the coin slot of
Every vending machine as you go by
Living in poverty is hoping your toothache
Will go away
Living in poverty is watching your mum
Making lunch, dropping a piece of meat,
Then looking round to see if anyone saw
Living in poverty is buying a lottery ticket
When you can't afford it
Living in poverty
Still hoping
Meirion

He asks for ...
A black leather jacket,
Remote control car,
Nike trainers,
A fancy electric guitar.

A flashy new phone,
A 20gig MP3,
A new mountain bike,
And a flat screen TV.

I ask for ...
A kiss from my mother, a hug from my father,
And a pair of shoes without holes.

Three and a half million of us,
Yet it feels like I'm all alone.

Helen Monks

A dark cramped bedroom,
The windows are grey,
Cold porridge for breakfast, Nowhere to play...

I hear my mum crying,
In her bedroom at night.
I go in and tell her
That it's all right...

I wish we had money
Like other kids have,
To buy some clean clothes,
Instead of these rags.

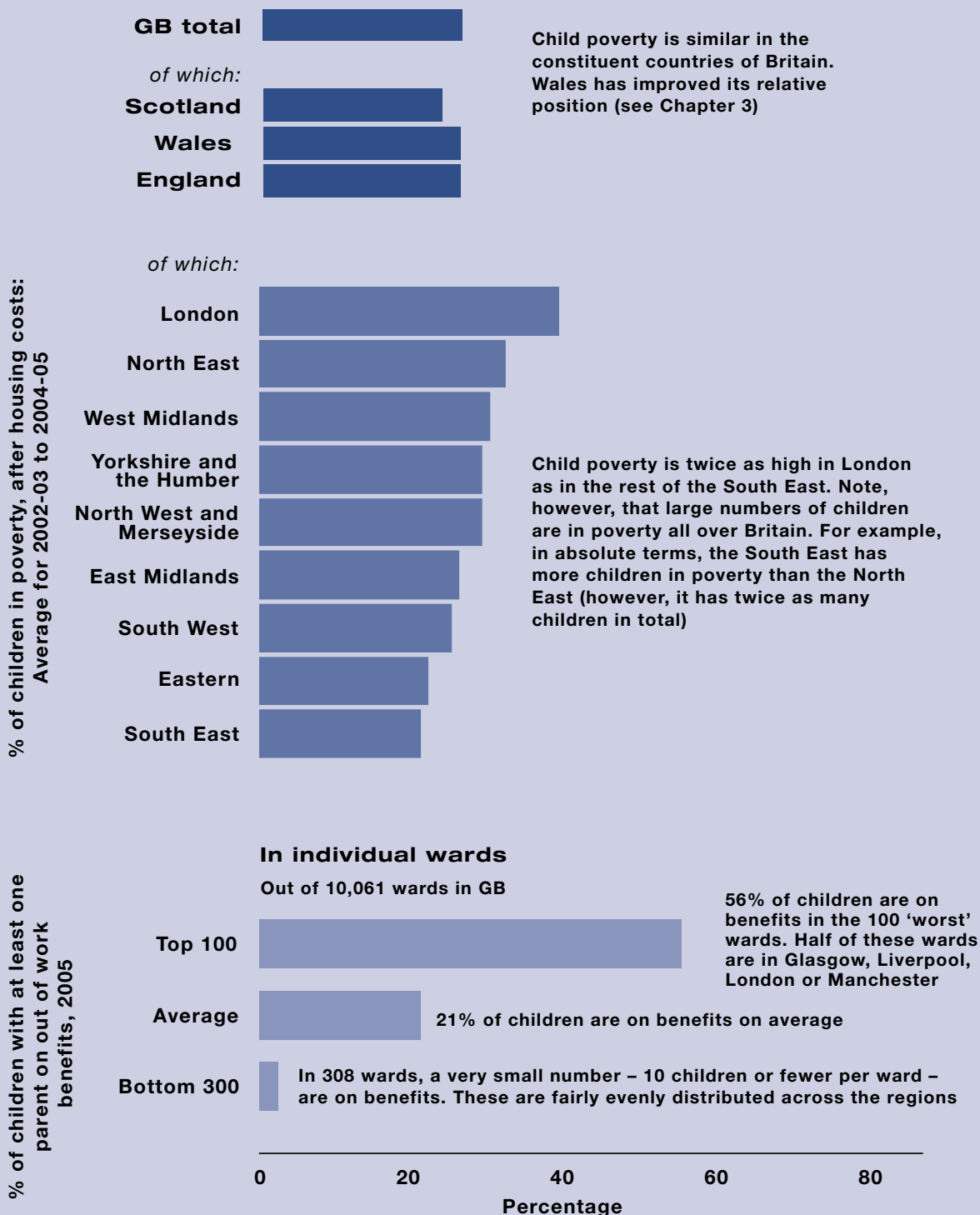
Safiyyah

... and poverty is not evenly distributed across the UK.

Children who grow up not just in poor families but in poor communities can face compounded disadvantage. Concentrations of poverty can affect expectations and opportunities, and the 'poverty of place' has played an important part in UK disadvantage¹¹.

Box 3 shows how child poverty is currently distributed across the UK. At country level, there are few differences: children in England, Scotland and Wales have similar chances of being poor. In Northern Ireland, which is not covered by the main data on poverty and

Box 3: Child poverty in different parts of Britain



Source: Data on wards supplied to author by the DWP

cannot therefore be included in the modelling in Chapter 4, the problem may be worse¹². Thirty-two per cent of children in Northern Ireland live in households whose only income comes from benefits, compared to 19 per cent in the rest of the UK. Combined with a high incidence of low pay, this makes the problem substantially harder to solve in this part of the UK, particularly through an over-emphasis on ‘welfare to work’ policies¹³.

At regional level there are important differences, even away from the specific circumstances of London that makes it the hardest hit ‘region’. Yet even though the average risk of poverty varies across regions, the 3.4 million children in poverty are not concentrated in any one part of the country, and many live in generally affluent regions. On the other hand, there is a stark contrast between specific neighbourhoods where the majority of children are poor and others where few or none live in poverty.

“Poverty affects your lifestyle and makes you depressed. It is unhealthy for children to see their parents in that state. I went without antidepressants for a long time but am now on them. I always wanted to be able to cope, but it is difficult when your child starts demanding toys that cost £50. I want more for my son – I do not want to have to scrimp and scrape. School trips are also expensive – I had to pay £26 for one recently. I had to pay £18 for a sweatshirt with a logo on it for PE.” (parent at Sheffield feedback event)

“Our school has got school uniform, but [our] council have slashed the school uniform grant. You cannot get a clothing grant anymore.” (parent at London feedback event)

“The stigma your kids feel ... you feel as if you’re punishing the kids, but when you’ve £2 a day for food sometimes you just can’t get it.” (parent at Glasgow feedback event)

The social cost of child poverty, today and tomorrow

Child poverty harms society both psychologically and materially ...

In addition to the suffering of individuals, child poverty brings widespread costs to our society. Some of these costs are immediate and direct, such as the resources devoted to helping families with housing difficulties, or to supporting children’s needs through social services. Others are encountered over many years and even generations, as the damage done to children growing up in poverty has consequences that continue through their lives and potentially affect their own children’s lives too. There also direct, tangible costs to society in terms of spending on problems associated with child poverty and revenue foregone from lost economic potential.

... due to its many knock-on effects ...

It is not easy to measure the overall cost of not ending child poverty. The following figure categorises some of the short and long-term costs to individuals and to society, and suggests how they are related to each other.

Figure 4 The cost of not ending child poverty – a simplified map

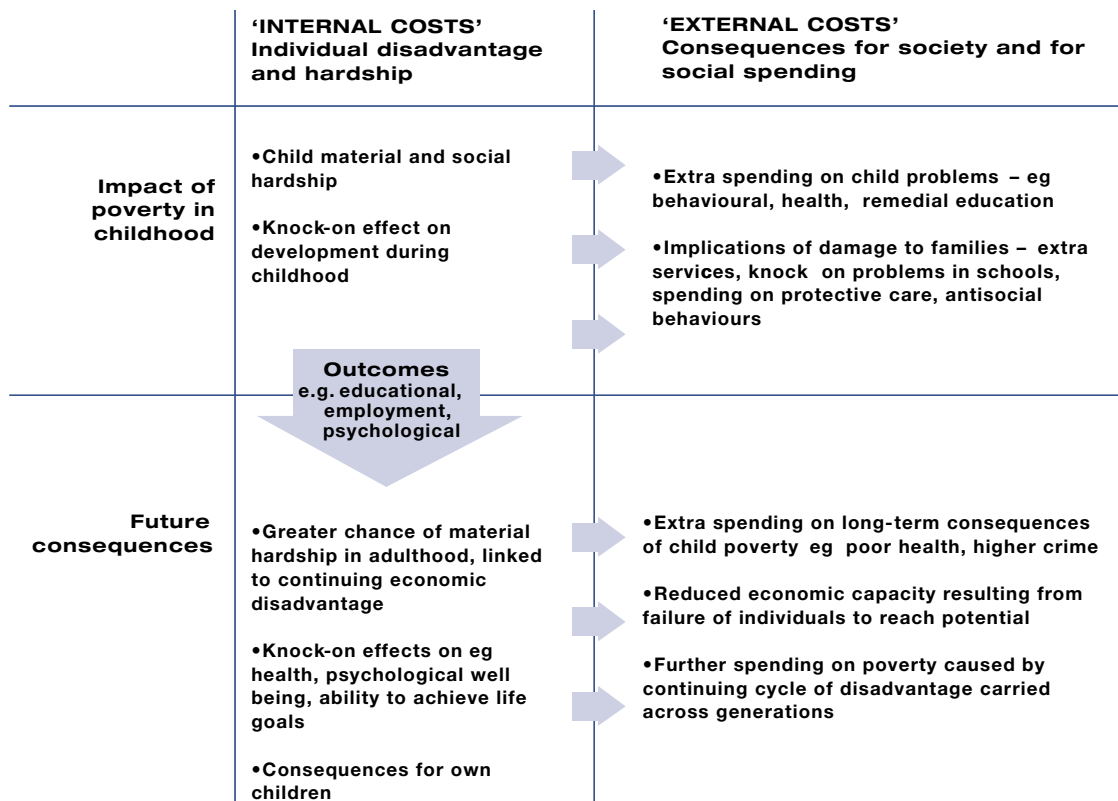


Figure 4 illustrates how the immediate private suffering of a child living in a poor family has knock-on effects for individual outcomes later in childhood and in adulthood, and also how each of these outcomes can bring costs to society. This is because while growing up poor does not automatically make children into delinquents or prevent them from becoming useful and productive members of society, the experience of poverty increases the risk of encountering various difficulties in childhood and in later life. A key factor here is the influence of family environment on children’s development. The Commission on Families and the Wellbeing of Children has concluded from the research evidence that “Poverty does matter, not so much because it directly causes children to have problems, but because it makes good family functioning more difficult to achieve.”¹⁴

“Childhood cannot be relived. Isolation, desperation and hurt are not just words for young people – they have a scarring impact. It is unforgivable that these years can be allowed to be stolen from young people through poverty.” (small group session at Belfast feedback event)

... and the financial cost, though hard to measure, is certainly large ...

Some examples of tangible costs to society of problems to which child poverty makes a significant contribution are¹⁵:

- the £3 billion a year spent by local authority social services directed at children, of which more than £1 billion goes to residential provision;
- over £500 million a year spent directly on homeless families with children;
- an estimated £3.6 billion a year spent on children with special educational needs, some of which comprise social, emotional and behavioural difficulties;
- about £300 million a year spent on free school dinners;
- extra spending on primary health care for deprived children, potentially of the order of £500 million a year;
- knock-on costs in lost taxes from, and extra benefits for, adults with poor job prospects linked to educational failure in childhood. For example, the fiscal costs of labour market outcomes for those who are not in education, employment or training aged 16-18 are estimated at above £10 billion over the lifetime of a two-year cohort.

Box 4: The reality of child poverty: (C) The cost to society

A report by the charity Barnado's¹⁶ has looked at the stories of eight young people whose childhoods were wrecked by poverty. All had had chaotic lives blighted by the interaction of poverty with family difficulties. Keith had grown up with an alcoholic father, Louise felt unwanted and worthless and Maria's family faced homelessness and destitution after its application for asylum was refused. For none of these young people was poverty alone the root cause of their difficulties, but for all, it exacerbated their problems. The report argued that early intervention could have prevented their lives from entering a downward spiral, which had led for example to truancy, crime and drug abuse. In fact, the failure to intervene early had eventually led to tens of thousands of pounds being spent on each them – and hundreds of thousands in the case of those going into local authority care.

... while the intergenerational effects seem to be growing.

The last of the above costs is an example of how poor children who fail to reach their potential in childhood can have sustained poor outcomes in adulthood. Recent research shows that the experience of growing up poor has an influence on the chance of being poor as an adult independently of other features of family background – with the effect continuing beyond young adulthood and into middle age¹⁷. Most worryingly, this effect appears to have strengthened for cohorts who were poor as teenagers in the 1980s compared to teenagers in the 1970s. Specifically, the extent to which teenage poverty can predict poverty in one's early thirties has doubled between these two cohorts. For the later group, adult experiences such as lone parenthood, unemployment and economic inactivity have become more common, and these factors are closely associated with

the extra risk of poverty felt by those who grew up poor. In other words, in a changing world, adults who were poor as children are being exposed to new risks. As those who end up poor have children of their own, the cycle continues. Unless this cycle is broken, the result is likely to be a worsening from one generation to the next both in the overall scale and in the concentration of poverty and associated difficulties: a dynamic of social polarisation that becomes increasingly hard to break.

International comparisons

Most other countries have fewer poor children than the UK ...

Child poverty in the UK is at far higher levels than in most comparable countries. In the 25 countries of the EU, only Italy, Portugal and the Slovak Republic have higher percentages of children living on incomes below 60 per cent of the median. Even though in some poorer EU countries this threshold implies lower absolute living standards than in the UK, this demonstrates that the UK has an income distribution that is skewed against the poorest to an atypical degree. Moreover, UK child poverty is higher than in European countries with similar levels of affluence: in 2003, about 50 per cent higher than in France, and more than twice as high as in the Scandinavian countries¹⁸. While these disparities are today smaller than in the mid-1990s, because the recent fall in child poverty in the UK has not generally been matched elsewhere, child poverty here remains a long way above the norm.

... and child poverty has not grown and surpassed adult rates everywhere ...

The UK's experience of a large rise in child poverty since 1980, to well above the adult rate, is not a universal pattern. Some countries like the Netherlands have seen rapid rises in youth poverty, and some like Canada and the United States have substantially higher youth rates than adult rates. On the other hand, countries like Norway, Sweden and Ireland saw a fall, rather than a rise, in child poverty in the last two decades of the 20th century, and in these countries children are not more likely to be poor than adults¹⁹.

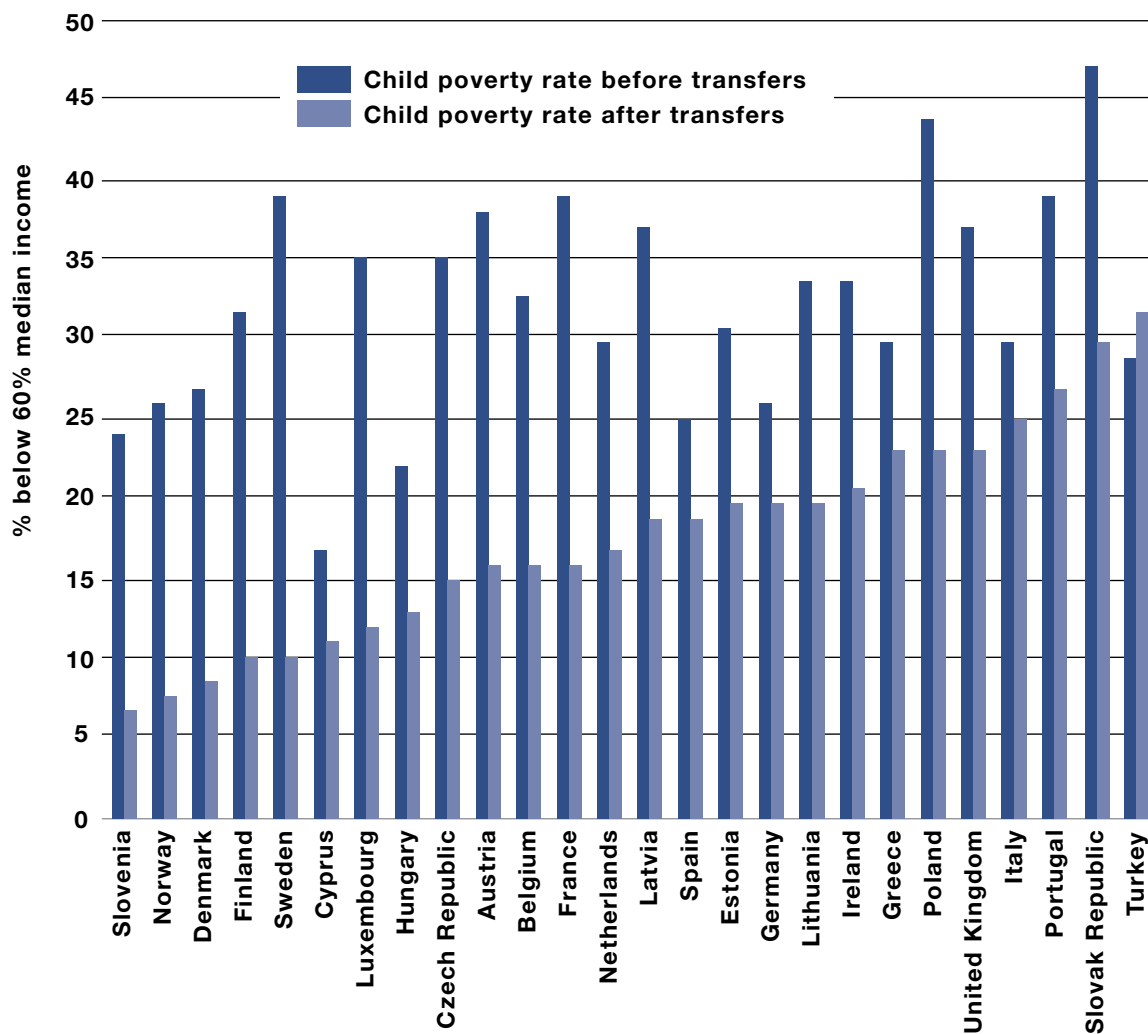
... because more children elsewhere have a parent who works, typically in a less unequal labour market than the UK's, and redistribution in the UK is weaker.

Three aspects of UK experience appear to explain much of the difference with other countries:

- ***The large proportion of children living in households without work.*** This has fallen from one in five to one in six children, but remains higher in the UK than in any other EU country. In France and Germany, whose unemployment rates are double the UK's, only about one child in six lives in a workless household²⁰. Two thirds of the UK's children in workless households have lone parents. Lone parenthood is more common in the UK than in other European countries, and lone parents are less likely to be in work²¹.

- **Pay inequality affecting those whose parents do work.** Wage and earnings inequalities widened rapidly in the UK from 1975 to 2000, with, for example, the ratio of the top to the bottom decile of male wages rising from 2.8 to 4.2²². On the other hand, earnings inequalities were stable during the 1980s and 1990s in countries like Finland and Germany, where they had already been lower than in the UK. They were also stable in France, where earnings were slightly less equal than in the UK in the early 1980s but were much more equal by the mid-1990s (OECD *Employment Outlook*, 2004, p. 141).
- **A less redistributive tax and benefits system than in many countries.** Figure 5 shows that while the effect of employment and earnings patterns creates relatively high child poverty in the UK before the state intervenes, in these terms it is not exceptional, with seven other EU countries having higher rates. However, the UK does less than most other countries to redistribute income

Figure 5 Child poverty rate before and after cash benefits



Source: Eurostat (2005)

through cash benefits. A particularly striking contrast is with Sweden, the only country with more children in lone-parent families than the UK. Sweden has a slightly higher child poverty rate before redistribution, but less than half the rate after redistribution. In recent years the UK has increased the generosity of payments for poor children more than most other countries, but with a starting point of lower levels of out-of-work benefits and lower universal payments for children, it has a long way to go to catch up.

Thus, international experience shows that the high levels of child poverty in the UK are not inevitable, but have deep-rooted causes, so that bringing our levels down to international benchmarks will be far from easy.