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## Investing in Children: Breaking the cycle of disadvantage

[A Study of National Policies](#)

United Kingdom

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# Investing in Children:

Breaking the cycle of disadvantage

[A Study of National Policies](#)

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**COUNTRY REPORT – UNITED KINGDOM**

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## Executive Summary<sup>1</sup>

### Main findings

- Child poverty has been a UK government priority since the 1999 commitment to eradicate it by 2020; as a result child poverty fell and well-being improved. Since the crisis, relative child poverty continued to fall; since 2010 this is partly due to median income falling. Absolute child poverty has begun to increase.
- There is no national statistical evidence yet that deprivation has increased; but numbers using food banks (including those in work) have soared recently, and the National Children's Bureau warns of potential 'social apartheid' for children.
- The Child Poverty Strategy (2011-14) was very disappointing and it took far too long to appoint the (Social Mobility and) Child Poverty Commission. The Government says it is committed to meeting the Child Poverty Act income targets 'with due regard to current fiscal and economic circumstances', but refers more to its social justice and social mobility strategies than to the child poverty strategy.
- The government's approach to child poverty does not comprise a comprehensive analysis of child poverty or a multi-dimensional, integrated strategy; it emphasises behavioural rather than structural causes and there are worries it may move the goal posts in relation to child poverty measurement.
- All four countries emphasise early intervention. But differences are increasing in devolved policy areas between the smaller nations and the UK government.
- Recent austerity measures and benefit reforms have had the biggest impact on those with children, especially on low incomes; they are not (as claimed) 'fair'.
- Universal credit, aimed at simplifying benefits and ensuring work pays (and one reform expected to reduce child poverty), will not be fully in place until 2017. And monthly UC payments will be difficult for low-income families to manage. Falling living standards, and uprating working age benefits by the CPI and then by only 1% for 3 years, could increase child poverty by 2020 by enough to wipe out all the gains since 2000. A further round of austerity announced in the spending review 2013 will also hurt low-income families with children most. Real terms increases in personal tax allowances mitigate some changes; but low-income families on means-tested benefits have much of this clawed back.
- 15.1% of children lived in workless households in 2012; youth unemployment is 21%; and NEET rates are high (up in 2011, down in 2012). But 68% of poor children have someone in their household in work. Lone parent employment continues to grow, but Work Programme outcomes to date are disappointing. Couples with children with one earner, and lone parents, in full-time minimum wage work fall well short of the Minimum Income Standard; similar families on out-of-work benefits have just over half the MIS. Child care remains costly, though the government is investing more.
- The smaller nations retained educational maintenance allowances; in England the pupil premium is the main vehicle to combat educational disadvantage.
- Outcomes for child health, education, housing and environmental conditions have been improving but on most we do not do as well as we should compared with other rich countries, and these outcomes may begin to deteriorate. Homelessness has been increasing. Housing supply (in particular social and affordable housing) is seen as a key issue, and requiring higher investment.
- In the NRP the Government relies on the Child Poverty Act targets as its contribution to the EU 2020 poverty and social exclusion targets. The SSR questionnaire responses do not seem adequate to the current situation. The UK

<sup>1</sup> Readers should note that the report was first drafted in September 2013 and is based on information and data available at that time. In a few instances some new information that became available subsequently has been referenced. However there has not been an opportunity to do a comprehensive screening for updates since September.

government discontinued support for the stakeholder group involved in the EU2020 strategy though some engagement happens in the smaller nations.

## **Recommendations**

- Fiscal consolidation has been imposed too fast and should be rethought. If it is seen as inevitable it should be rebalanced to include more (progressive) tax increases and reverse the disproportionate reductions in benefits and services for families with children. There should be greater recognition of the priority children should have and the benefits of investing in them. This could mean reducing the resources of better-off people at other lifecycle stages, including pensioners; if so, increased taxation is preferable to means testing.
- There should be more emphasis on overall child poverty and its structural causes, not only on a minority of multiply disadvantaged families and behavioural issues. Governance would be improved by consultation periods being at least the minimum; care with use of statistics in controversial policy areas; and more openness to input from experts and those affected by policies.
- Additional spending is needed to improve low-income families' living standards. The policy of uprating most benefits/tax credits for those of working age by 1%, the benefit cap and 'bedroom tax' should be abandoned; and the annually managed expenditure cap on social security spending should not be introduced. More investment in housing would reduce numbers on housing benefit.
- Family poverty is affected by female employment (lone parents and many 'second earners'). Infrastructure investment should include more jobs likely to be taken by women; the impact of UC on 'second earners' should be revised.
- Additional help with childcare costs is welcome; but the proposed tax-exempt child care scheme should be reconsidered. It would be preferable to spend this on increasing the 15 hours of free early years education for 3- and 4- year-olds and/or extending it to over 40% of 2-year-olds. The extra childcare help in UC could also be much simpler; but supply side subsidies are again preferable.
- The proposed transferable tax allowance for couples should be abandoned. Priority for children means spending this money on child benefit instead.
- Implementation of the Recommendation could be better integrated into the European semester by giving more attention to child poverty in the NRP, including setting a target and monitoring progress. The social policy document could be used to discuss key challenges and strategies to meet them. Social investment should be understood in a broad sense. Next year's NRP should respond fully to the 2013 CSRs.
- Improving access to the labour market for parents would seem a good starting point for the future use of the ESF, as key challenges for child poverty in the UK include worklessness and in work poverty. Local labour markets and transport, as well as child care, are critical issues in particular for women. And many lone parents would welcome more help with education/training. But the availability of jobs, and adequate levels of pay, are also critical in this context.

## 1. Assessment of overall approach and governance<sup>2</sup>

### 1.1 Introduction

Child poverty is estimated to cost the UK some £29 billion.<sup>3</sup> It had been a key policy focus since Tony Blair as PM in 1999 committed the then Government to eradicating it by 2020. (Labour's record is analysed in current research by the London School of Economics.)<sup>4</sup> In 2010, just before the election, the Child Poverty Act (CPA) was passed with all-party support. This set new targets to reduce child poverty by 2020 and gave powers to set up a Child Poverty Commission to ensure they were met. Local authorities were also given responsibilities for establishing child poverty strategies. The devolved administrations made their own arrangements (see below).

### 1.2 Multi-dimensionality; synergies between policy areas and players

#### 1.2.1 Overview

It was not until 2012 that the (*Social Mobility and*) Child Poverty Commission was appointed. It was thus not able to be consulted, as laid down in statute, before the publication of the Child Poverty Strategy for 2011-14 in April 2011,<sup>5</sup> which reaffirmed the commitment to the Child Poverty Act targets, but was criticised for containing no detail on measures to enable the Government to reach these.<sup>6</sup>

The Department for Education website statement,<sup>7</sup> summarising the Government's stance on poverty, reads: 'Poverty, as measured by a household's income relative to the national average, is often a symptom of deeper, more complex problems. Many of these problems are passed on from one generation to the next.' The examples given are of households where no adult has ever worked, and parental drug addiction. It goes on: 'We want to make a real and lasting difference, to help people change the course of their lives. To do this, we need to deal with the problems that cause people to end up living in poverty, rather than dealing with people's incomes in isolation.' The 'background' section talks of 'reducing poverty in all its forms', and refers to social justice more than the child poverty strategy.<sup>8</sup> The Department for Work and Pensions (DWP) website's statement is similar. It mentions the child poverty strategy, but gives no further details. It also mentions the social mobility strategy, centred on making work pay; and the *Positive for Youth* report (2011), which (like the Troubled Families programme) focuses on a small group of particularly vulnerable individuals.<sup>9</sup>

This, and the clear focus on behaviour, suggests to critics that the Government's approach does not comprise a comprehensive analysis of (child) poverty or a multi-

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<sup>2</sup> Readers should note that the report was first drafted in September 2013 and is based on information and data available at that time. In a few instances some new information that became available subsequently has been referenced. However there has not been an opportunity to do a comprehensive screening for updates since September.

<sup>3</sup> Hirsch, D. (2013) *An Estimate of the Cost of Child Poverty in 2013*, London: Child Poverty Action Group

<sup>4</sup> Publications from 'Social Policy in a Cold Climate' (Centre for Analysis of Social Exclusion): see [http://sticerd.lse.ac.uk/case/\\_new/research/Social\\_Policy\\_in\\_a\\_Cold\\_Climate.asp](http://sticerd.lse.ac.uk/case/_new/research/Social_Policy_in_a_Cold_Climate.asp)

<sup>5</sup> Department for Education (2011) *A New Approach to Child Poverty: Tackling the Causes of Disadvantage & Transforming Families' Lives*, London: TSO  
<http://www.education.gov.uk/childrenandyoungpeople/families/childpoverty/a0076385/child-poverty-strategy>

<sup>6</sup> 'A child poverty "strategy" which does not set out how poverty numbers will fall, and by when, is not a strategy and is incredibly disappointing.' <http://www.cpag.org.uk/content/unlawful-child-poverty-%E2%80%98strategy%E2%80%99-includes-cuts-make-poor-families-poorer>

<sup>7</sup> Accessed 6 August 2013

<sup>8</sup> Department for Work & Pensions (2012) *Social Justice: Transforming lives*, Cm 8314, London: TSO

<sup>9</sup> <https://www.gov.uk/government/policies/helping-to-reduce-poverty-and-improve-social-justice> (9.8.13)

dimensional, integrated strategy. Numbers of children in poverty in local areas have been calculated, and some areas have set up child poverty commissions.<sup>10</sup> But the Government has been chary of giving detailed guidance to local authorities about developing their own strategies, because of its emphasis on localism. The Child Poverty Unit brings together the Department for Education, DWP and HM Treasury. The Government has also set up the Early Intervention Foundation, to 'champion and support the greater use of early intervention measures to tackle the root causes of social problems amongst children and young people, from 0-18 years old' (EIF website), initially focusing on England.<sup>11</sup> Policies increasingly diverge in the smaller nations, often involving abolishing charges or funding the continuation of reductions, and focusing on longer-term influences on child poverty (which are devolved issues).<sup>12</sup>

### 1.2.2 Wales

Wales has the highest rate of child poverty, and severe child poverty, in the UK. Local authorities and service boards were given a legal duty to tackle child poverty in the Children and Families (Wales) Measure 2010. They can do this by including strategies in local Single Integrated Plans; but the Children's Commissioner has expressed concern about child poverty being subsumed in this way.<sup>13</sup> The Measure also placed duties on Welsh ministers and some government funded bodies to produce child poverty strategies - reinforced by the CPA 2010. The Welsh Government published an ambitious rights-based strategy in 2011,<sup>14</sup> and guidance for local authorities; the aim is eradication of child poverty by 2020 (5% of children living in low-income households before housing costs). Priorities include reducing workless households; improving the skills of parents/carers and young people in low-income households; and reducing inequalities in health, education and economic outcomes by improving these for the poorest. The government sponsored bodies published strategies in 2012.<sup>15</sup>

The Welsh Government's action plan against overall poverty<sup>16</sup> update in 2013 said that due to lack of resources caused by the coalition government's austerity programme it would focus on key targets, including improving educational attainment of children from low-income families; helping more people into jobs, especially in workless households; reducing NEETs;<sup>17</sup> and ensuring equal and fair access to essential services for all.<sup>18</sup> A recent publication gives baseline indicators for the child poverty strategy.<sup>19</sup>

### 1.2.3 Scotland

Policies on child poverty in Scotland<sup>20</sup> have also taken a somewhat different turn from those of the UK government since 2011, and are the least centrally driven of the devolved administrations. Early years and health inequalities strategies are also key. The Scottish Government reports annually on progress on its child poverty strategy, and now groups this under 'pockets' (immediate financial help), 'prospects' (life

<sup>10</sup> Child Poverty Action Group (2012) *End Child Poverty: Child poverty map of the UK*, London: CPAG; and see, e.g., *Legacy Report* of London's Child Poverty Commission (2010)

<sup>11</sup> The EIF has an associated 'What Works' network to provide evidence based policy in this area.

<sup>12</sup> Sections on the devolved administrations benefited from access to a pre-publication copy of McCormick, J. (2013) *Ending Poverty: A review of devolved approaches across the UK*, York: Joseph Rowntree Foundation

<sup>13</sup> Children's Commissioner for Wales (2012) *Child Poverty Strategy: 2012 onwards*

<sup>14</sup> Welsh Government (2011) *Child Poverty Strategy*

<sup>15</sup> Information in this section taken in part from Save the Children (2012) *Child Poverty Snapshots: The local picture in Wales*, Cardiff

<sup>16</sup> Welsh Government (2012) *Tackling Poverty Action Plan 2012-2016* (update: Welsh Government 18803)

<sup>17</sup> Not in employment, education or training

<sup>18</sup> Welsh Government (2013) *Taking Forward the Tackling Poverty Action Plan*

<sup>19</sup> Welsh Government (2013) *Child Poverty Strategy for Wales: Baseline indicators*, A report by the New Policy Institute, Welsh Government Social Research no. 15/2013

<sup>20</sup> Scottish Government (2013) *Annual Report for Child Poverty Strategy for Scotland 2013*

chances) and 'places' (housing and communities). Recent reports give up to date information about poverty, deprived communities, and the impact of welfare reforms and benefit cuts.<sup>21</sup> The debate about independence for Scotland is prompting discussion about its potential powers and alternative ways to use them (e.g. tax and benefits);<sup>22</sup> but now it focuses in part on mitigating the impact of UK level policies.

#### 1.2.4 Northern Ireland

The strategy here is centrally driven. A 2012 report set out the implications of the CPA 2010,<sup>23</sup> and a briefing paper described strategies, policies and programmes.<sup>24</sup> Tackling disadvantage and inequality is the executive's second priority, and it coordinates departmental actions through the Delivering Social Change framework, including tackling 'multiple generational poverty'. The Community Family Support programme helps a small number of very disadvantaged families. As well as its comprehensive child poverty strategy, published in 2011<sup>25</sup> and reported on yearly, there is a ten-year strategy for children and young people (2006).<sup>26</sup> The Children's Commissioner has warned of the consequences for child poverty of UK welfare reforms,<sup>27</sup> and the Northern Ireland executive has been trying to modify their operationalization.<sup>28</sup>

### 1.3 Children's rights and mainstreaming

Perceptions of children and young people in the UK are often negative and based on prejudices.<sup>29</sup> The UK Government is often seen as critical of (over-)emphasis on a human rights perspective, and is increasing discretion in the benefit system, and decreasing funding for challenges by removing legal aid. Lawyers are concerned about the impact (e.g. on vulnerable teenagers) of restrictions on funding for judicial review.<sup>30</sup>

The Government has reported on its efforts to place young people at the heart of decision-making about services.<sup>31</sup> It transferred responsibility for youth policy from the Department for Education to the Cabinet Office. But a recent report said too many disadvantaged children and young people were unable to fully access their rights; access to key services needed to be improved, particularly in identification of need and co-ordination; and it was 'particularly striking' that many young people lacked critical

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<sup>21</sup> Aldridge, H., Kenway, P. & MacInnes, T. (2013) *Monitoring Poverty and Social Exclusion in Scotland 2013*, York: Joseph Rowntree Foundation; Save the Children (2012) *Child Poverty in Scotland: A local snapshot*; Milne, A. & Rankine, D. (2013) *Reality, Resources, Resilience: Regeneration in a recession*, York: Joseph Rowntree Foundation; McCormick, J. (2013) *Welfare in Working Order: Points & principles for the Scottish debate (Part 1)*, Scottish Council for Voluntary Organisations & Scottish Parliament Welfare Reform Committee (2013) *The Impact of Welfare Reform on Scotland*, 2nd Report 2013, SP Paper 303

<sup>22</sup> See, e.g., Scottish Government (2013) *The Expert Working Group on Welfare: May 2013 Report*; & Bell, D. (2013) *Social Protection in Scotland*; Purvis, J. (2013) *Improving Social Outcomes in Scotland: Devo Plus proposals for welfare devolution & reform*; McEwen, N. (2013) *Independence & the Territorial Politics of Welfare*; McKay, A. (2013) *Welfare to Work or a Welfare System that Works? Arguing for a citizens basic income in a new Scotland*, all published by David Hume Institute

<sup>23</sup> Campbell, J. (2012) *The Child Poverty Act 2010 & Northern Ireland's Role*, Paper 02/12, NI Assembly

<sup>24</sup> Research & Information Service Team (2012) *Poverty & Social Deprivation: Mapping executive & departmental strategies, policies & programmes in Northern Ireland*, Paper 145/12, NI Assembly

<sup>25</sup> Northern Ireland Executive (2011) *Improving Children's Life Chances: The child poverty strategy*, Belfast: Office of the First Minister & Deputy First Minister

<sup>26</sup> *Our Children and Young People - Our pledge: A ten year strategy for children & young people in Northern Ireland 2006-2016*, Belfast: Office of the First Minister & Deputy First Minister

<sup>27</sup> Horgan, G. & Monteith, M. (2012) *A Child Rights Impact Assessment of the Impact of Welfare Reform on Children in Northern Ireland* & Fitzpatrick, B. & Noreen Burrows, N. (2012) *An Examination of Parity Principles in Welfare & Wider Social Policy* (both NI Commissioner for Children & Young People)

<sup>28</sup> Birrell, D. & Gray, A.M. (2013) *Devolution, Parity & Welfare Reform in N Ireland*, David Hume Institute

<sup>29</sup> Davis, L. (2012) *Children & Equality: Equality evidence relating to children & young people in England*, London: Office of the Children's Commissioner

<sup>30</sup> *The Guardian* (2013), 30 July

<sup>31</sup> Cabinet Office/Department for Education (2013) *Positive for Youth: Progress since December 2011*

support during the passage to adulthood.<sup>32</sup> A 'catalogue of violations' in protecting children's rights in England was highlighted in another report: out of 118 areas where the UN had called for improvements, there was 'significant deterioration' in 46.<sup>33</sup>

The Children's Commissioners have expressed concern over the impact of government policies on welfare reform and fiscal consolidation on child rights (see below).<sup>34</sup> But the Children and Families Bill strengthens the role of the Children's Commissioner in England.<sup>35</sup> The next examination of the UN Convention on the Rights of the Child in 2014 will provide evidence on the extent to which the UK adopts a child rights perspective. Scotland tends to put more emphasis on child rights<sup>36</sup> (as well as addressing inequalities)<sup>37</sup> and aims to embed them across public services in law.<sup>38</sup>

Child well-being is not the focus of an explicit strategy, though the Child Poverty Strategy for 2011-14 stated: 'The core ways to achieve this are: a stronger focus on improving children's future life chances, by intervening early to improve the development and attainment of disadvantaged children and young people throughout their transition to adulthood', and identified a set of indicators covering not just material poverty but also health, child care, education, housing and so forth.

#### 1.4 Universal/targeted policies and focus on multiple disadvantage

The Government froze universal child benefit for 3 years and will now uprate it by 1%; and a high income tax charge was imposed on those with a higher rate taxpayer in households getting child benefit. But when it comes to adult personal tax allowances - which arguably fulfil similar functions - the Government is committed to real terms increases (the value of which is significantly reduced for lower-income families on means-tested benefits/tax credits). It is also committed to introducing a transferable tax allowance for married couples with a partner at home looking after children - a payment that is not well targeted in income range or recipients (taxpaying partners).

The Government is also arguably putting disproportionate emphasis on a small group of so-called 'troubled families', in part because they are costly. In 2015-16, an additional £200m will provide intensive help to 400,000 high-risk families in England, on top of £1bn for 120,000 families in 2010-2015. There will be new incentives for local services to work more closely together to reduce costs and improve outcomes.<sup>39</sup>

The Government published its consultation on measuring child poverty in 2012.<sup>40</sup> This identified an 'urgent need to rethink our approach to measuring child poverty' (paras. 1, 25) in part because child poverty fell in 2010/11 due to median income falling. 'The measures in the Child Poverty Act focus heavily on income to measure child poverty. They do not capture the full experience of growing up in poverty or the barriers to getting out of poverty' (para. 20). There was criticism from academics and others of

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<sup>32</sup> All Party Parliamentary Group for Children (2013) *Are Children & Young People Getting the Opportunities they Want?*

<sup>33</sup> Children's Rights Alliance For England (2013) *State of Children's Rights in England 2012*

<sup>34</sup> E.g. in England *A Child Rights Impact Assessment of the Welfare Reform Bill* (2012), Office of the Children's Commissioner; and for the UK: press release (2012) 31 January, Children's Commissioners for England, Wales, Scotland & Northern Ireland

<sup>35</sup> Department for Education (2012) *Reform of the Office of Children's Commissioner: Draft Legislation*, Cm 8390, London: TSO

<sup>36</sup> Elsley, S., Tisdall, K. & Davidson, E. (2013) *Children & Young People's Experiences of, & Views on, Issues Relating to the Implementation of the UN Convention on the Rights of the Child*, Scottish Government

<sup>37</sup> Fauth, B., Blades, R. & Gill, C. (2013) *Child Poverty Outcomes Models: An international review*, National Children's Bureau (especially Appendix D on Scotland)

<sup>38</sup> Scottish Government (2012) *A Scotland for Children: A consultation on the Children & Young People Bill*

<sup>39</sup> Press release 24 June 2013, HM Treasury/Department for Communities and Local Government

<sup>40</sup> Department for Work & Pensions (2012) *Measuring Child Poverty: A consultation on better measures of child poverty*, Cm 8483, London: DWP

the quality and content of the consultation document.<sup>41</sup> The Government has been reviewing these responses and is expected to produce a revised proposal later in 2013.

The Government criticises the previous one for treating only the symptoms of child poverty, especially low income, labelling this the 'poverty plus a pound' approach. Instead, it says it is tackling the causes, in particular 'some of the most entrenched issues': family breakdown, educational failure, worklessness, severe debt, health issues (e.g. addiction) and unavoidable issues such as disability.<sup>42</sup> The stress is laid on fairness and personal responsibility, not 'cash handouts'. The Government emphasises social mobility; and intergenerational poverty and multiple disadvantages in a minority of 'troubled families' (said to reflect the two coalition parties' concerns).<sup>43</sup> The first tends to divert attention from child wellbeing now to the future, and the second focuses on a narrow group of children in poverty.<sup>44</sup> A recent report said the concept of 'intergenerational poverty' was of doubtful validity, with a weak evidence base; the term 'persistent' poverty was preferable; and structural barriers to equality should be given as much policy attention as the idea of a 'behaviour' of poverty/worklessness.<sup>45</sup>

## 1.5 Stakeholders, evidence-based approach, investment & protection

### 1.5.1 Stakeholders

The UK government discontinued support for the stakeholder group involved in the EU 2020 strategy, though some engagement happens in the smaller nations. There has been consultation on the child poverty measure, and some involvement of children themselves; but organisations working with children and parents in low-income families are often critical of elements of the Government's strategy.

### 1.5.2 Evidence base and impact analysis

The Government produces impact assessments of proposals, highlighting potential effects, including on 'protected groups' under equalities law (though formal equalities impact assessments will no longer be required). External bodies produce alternative assessments, often using differing assumptions.<sup>46</sup> There is also a comprehensive programme of research and evaluation; and the smaller nations have their own approaches to monitoring and evaluation, though there are no separate CPA child poverty targets for them, and Scotland has no national measurement framework.

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<sup>41</sup> Including a letter to *The Guardian* (14.2.13) from Fellows of the British Academy: 'Tomorrow marks the end of the consultation period for the government's proposals to measure child poverty in a new way. Several of us ... with colleagues, have responded, pointing out the ways in which the proposals are confused and would meet neither the government's objectives nor international standards. We agree that as well as tracking how many children are in poverty as currently measured, it is helpful to track what is happening to the factors that lead to poverty and the barriers to children's life chances. But it does not make sense to combine all of these into a single measure. To do so would open up the government to the accusation that it aims to dilute the importance of income in monitoring the extent of 'poverty' at precisely the time that its policies will be reducing the real incomes of poor families. We call on the government to reconsider its proposals.' <http://www.guardian.co.uk/society/2013/feb/14/child-poverty-government-measures>

<sup>42</sup> Department for Education (2011) *A New Approach to Child Poverty: Tackling the Causes of Disadvantage & Transforming Families' Lives*, London: TSO

<sup>43</sup> Churchill, H. (2013) 'Retrenchment & restructuring: family support & children's services reform under the coalition', *Journal of Children's Services*, 8(3)

<sup>44</sup> Casey, L. (2012) *Listening to Troubled Families*, Department for Communities & Local Government; & see Levitas, R. (2012) *There May Be Trouble Ahead: What we know about those 120,000 troubled families*, Working Paper 3, Poverty & Social Exclusion in the UK, for a critical examination

<sup>45</sup> Nelson, J., Martin, K. & Featherstone, G. (2013) *What Works in Supporting Children & Young People to Overcome Persistent Poverty?* National Foundation for Educational Research

<sup>46</sup> E.g. the Institute for Fiscal Studies, Landman Economics etc.

There has been criticism of the Government's approach to evidence (e.g. highlighting polling evidence that parental addiction is seen as the key cause of child poverty). Most governments are criticised for trying to put their own policies in a good light; but the Secretary of State for Work and Pensions has been criticised by the UK Statistics Authority for (mis)using official figures.<sup>47</sup>

### 1.5.3 Investment in children and protection from impact of crisis

Before the crisis in 2007, the economy was growing, employment was at a post war peak and social expenditure on children was rising, with increases in health, education and childcare spending. Child poverty and deprivation were falling; child well-being was improving.<sup>48</sup> *The Well-being of Children in the UK*<sup>49</sup> found that of 48 indicators, covering material, health, subjective wellbeing, education, housing, maltreatment, care, crime and child care, 36 had improved and only 4 had deteriorated. UNICEF<sup>50</sup> found that the UK had moved from 21st out of 21 developed countries in around 2001 to 16th out of 29 in 2009, though that still left considerable room for improvement.

Now we are in the fifth year of the recession that began with the global banking crisis in 2008. Median income fell in 2010/11 and 2011/12 and real living standards have fallen by 10%, 2.5 million people are unemployed and youth unemployment is 21%. The coalition Government decided to reduce the deficit in a ratio of 20% in more taxation and 80% in reduced public spending (probably some 15/85% now). £20bn. has been taken from benefits, mainly by the decision to uprate many by the Consumer Price Index (CPI) and then by only 1% for 3 years. Analysis by the Institute for Fiscal Studies (IFS)<sup>51</sup> of the tax/benefit changes 2012-15 shows families with children with the biggest losses and that the policies are regressive. Households in the lowest deciles have had bigger losses than those in all other deciles (see Figure 1).

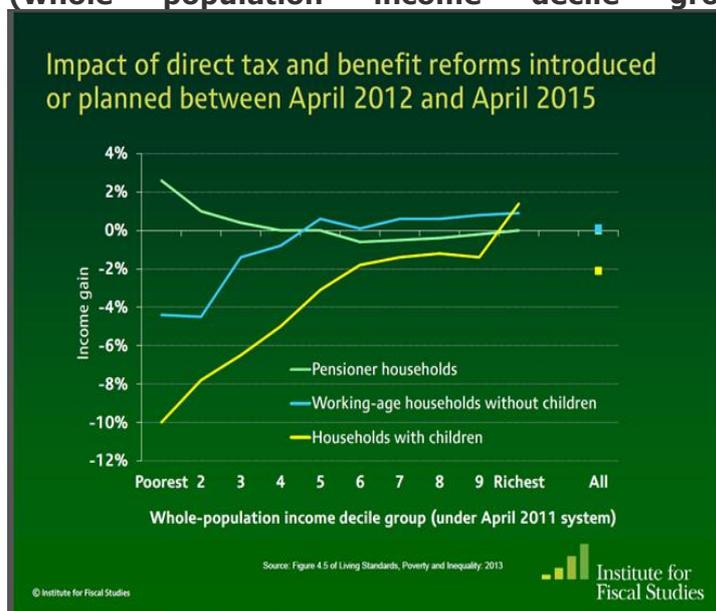
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<sup>47</sup> E.g. BBC News 9 May 2013 (impact of benefit cap); *The Independent* 25 January 2012 (immigration).  
<sup>48</sup> Judge, L. (ed) *Ending child poverty by 2020: Progress made & lessons learned*. London: CPAG, pp. 11-16 <http://www.cpag.org.uk/sites/default/files/CPAG-Ending-child-poverty-by-2020-progress-made-lessons-learned-0612.pdf>

<sup>49</sup> Bradshaw, J. (ed.) (2011) *The well-being of children in the UK*, Third Edition, Bristol: The Policy Press  
<sup>50</sup> UNICEF (2013) 'Child well-being in rich countries: a comparative overview', *Innocenti Report Card 11*, UNICEF Office of Research, Florence.

<sup>51</sup> Cribb, J., Hood, A., Joyce, R. & Phillips, D. (2013) *Living Standards, Poverty & Inequality in the UK: 2013*, London: Institute for Fiscal Studies: <http://www.ifs.org.uk/publications/6759>, p 78

**Figure 1: Impact of direct tax & benefit reforms introduced or planned April 2012-April 2015 (excluding UC), by income decile group and household type (whole population income decile group, April 2011 system)**



Having failed to reach its deficit reduction targets, the Government announced further cuts in the 2013 Spending Review; HM Treasury's own analysis<sup>52</sup> shows the bottom income quintile will see the biggest losses of all groups except the top.

The Children's Commissioner for England has undertaken a detailed evaluation of the impact of the austerity measures on children,<sup>53</sup> and concluded:

'The analysis of the tax, benefit and tax credit systems has shown that successive policies have led to families with children losing a greater share of their income than those without children. It is also of great concern that some of the most vulnerable families with children are losing *proportionally* the most. The Government has a responsibility under the UNCRC to address this as quickly as possible. Overall, *the evidence in this report suggests that the best interests of children are not being treated as a primary consideration (Article 3) in the design of fiscal measures relating to welfare benefits, tax credits and taxes.*' (p.6) ...'The analysis contained in this report, together with the Child Rights Impact Assessment published alongside [it], suggest that a number of the policies examined, as well as *the cumulative impact of the measures included in the analysis, place the Government at risk of not meeting its obligations to children and young people.*' (p.7)

The Institute for Fiscal Studies (IFS) has produced new estimates on child poverty for 2010-20 (Table 1). Relative child poverty is expected to rise from 17.5% in 2010 to 23.5% in 2020, reversing all the poverty decrease achieved in 2001-10, with almost all the increase due to the £20bn cuts to social security. Absolute poverty is also due to increase; but predictions rely on the RPI, which is thought to overestimate actual inflation. If the CPI were used instead, the predicted increase in absolute child poverty from 2010-20 would be 1.7 instead of nearly 10 percentage points (ppts).

<sup>52</sup> HM Treasury (2013) *Spending Review 2013*, Chart 2.e, London: HMT

<sup>53</sup> Office of the Children's Commissioner (2013) *A Child Rights Impact Assessment of Budget Decisions: including the 2013 Budget, and the cumulative impact of tax-benefit reforms and reductions in spending on public services 2010 – 2015*  
[http://www.childrenscommissioner.gov.uk/content/publications/content\\_676](http://www.childrenscommissioner.gov.uk/content/publications/content_676)

**Table 1: Institute for Fiscal Studies estimates of future trends in child and working age poverty (UK)<sup>54</sup>**

	Child poverty rate %
	Relative
2010 (actual)	17.5
2016	21.6
2020	23.5
	Absolute
2010 (actual)	17.5
2016	24.0
2020	27.2

These estimates do not include the impact of the 2013 Budget (e.g. raising the personal tax allowance by more than planned in 2013/14 and 2014/15). The IFS produced new estimates taking account of the impact of these and other changes in June 2013.<sup>55</sup>

The Child Poverty Strategy aims can therefore be overwhelmed by the imperatives of fiscal consolidation. We show in this report how this is happening. The Social Mobility and Child Poverty Commission chair and deputy are concerned about benefit cuts causing increases in child poverty, and also say there are too many overlapping initiatives.<sup>56</sup> The Commission itself expressed concern that, in their initial form, the different dimensions in the consultation about measuring child poverty risk conflating the causes and the consequences of poverty in a way that is confusing.<sup>57</sup> The Commission’s report on the Child Poverty Strategy 2011-14 is due out in October (see box below<sup>58</sup>); but its chair says there is ‘a snowball’s chance in hell’ of meeting the target.<sup>59</sup>

<sup>54</sup> Browne, J., Hood, A. & Joyce, R. (2013) *Child and Working-age Poverty in Northern Ireland from 2010 to 2020*, IFS Report R78, London: Institute for Fiscal Studies, p.1 <http://www.ifs.org.uk/comms/r78.pdf>

<sup>55</sup> Cribb, J., Hood, A., Joyce, R. & Phillips, D. (2013) *Living Standards, Poverty & Inequality in the UK: 2013*, London: Institute for Fiscal Studies: <http://www.ifs.org.uk/publications/6759>

<sup>56</sup> Reported in *Poverty* (journal of Child Poverty Action Group), summer 2013, p. 2

<sup>57</sup> Social Mobility and Child Poverty Commission (2013) *Measuring Child Poverty: Consultation response*.

<sup>58</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/251213/State\\_of\\_the\\_Nation\\_2013.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/251213/State_of_the_Nation_2013.pdf)

<sup>59</sup> Milburn, A. (2012) Oral evidence to House of Commons Education Select Committee, 10 July

### The Social Mobility & Child Poverty Commission

Their first annual report *State of the Nation 2013: Social mobility and child poverty in Great Britain* was published in October 2013 (after this report was submitted). It concluded

“These are challenging times in which to make progress. The improvements in reducing child poverty that took place in the recent past were made in far sunnier times. Today we are facing into strong headwinds: a squeeze on family incomes and on public spending. In these circumstances it would have been easy for the Government to abolish the targets to end child poverty by 2020 or to avoid the long hard haul of making progress on social mobility. We believe the UK Government deserves credit for sticking to these commitments and making new ones.”

The report went on

“..... the UK is not on track to meet the statutory goal of ending child poverty by 2020. The best projections we have suggest that the target will be missed by a considerable margin, perhaps by as many as 2 million children in relative poverty..... Britain remains a deeply divided country. Disadvantage still strongly shapes life chances. A balanced economic recovery, between different parts of Britain, is not currently within reach. If, as seems likely, the recovery sees the trend of the last decade continuing, where the top part of society prospers and the bottom part stagnates, inequalities will grow and the rungs of the social ladder will grow further apart.”

The Commission made ten recommendations:

1. The Government should aim for a balanced recovery to ensure that all parts of the country benefit, with action to reduce living costs and improve earnings.
2. The Government should aim to eliminate long-term (12 months+) youth unemployment and reduce NEETHood below the European average.
3. Business leaders and the Government should come together to ensure that half of all firms offer apprenticeships and work experience as part of a new effort to make it easier for ‘the other 50 per cent’ to pursue high quality vocational training.
4. The Government should focus on reducing in-work poverty by looking again at the remit of the Low Pay Commission to enable raising of the minimum wage, paying job agencies for the earnings people receive rather than the number of jobs, and by reallocating Budget 2013 funding for childcare from higher-rate taxpayers to help those on Universal Credit meet more of their childcare costs.
5. Employers should accept that the taxpayer alone can no longer bridge the gap between earnings and prices and that they will need to step up to the plate by providing higher minimum levels of pay and better career prospects, enabled by better skills.
6. The Government should ensure a fairer intergenerational share of the fiscal consolidation pain and, over time, reallocate public resources from the old to the young.
7. The Government should create a long-term plan with clear milestones to make early years’ provision universal, affordable and of a sufficiently high quality, and to rebalance a long-held exclusive focus on institutional forms of child care by doing far more to help parents to parent.
8. Schools should adopt a dual mandate of raising the bar on standards and closing the gap on attainment with more help for low attainers from average income families as well as low-income children to succeed in making it to the top, not just getting off the bottom.
9. The Government should better resource careers advice and provide extra incentives for teachers to teach in the worst schools, with colleges in the future being paid by the results they achieve for their students in the labour market and not the numbers they recruit.
10. The professions should open their doors to a wider pool of talent by ending unpaid internships and recruiting more widely. Top universities should do the same by using contextual data and foundation degrees.

## 1.6 Urgent priorities for change

In summary, child poverty continues to be a policy focus in the UK, and early intervention is a prime focus. But whilst in principle attention to causes rather than symptoms is welcome, in practice this is currently focused on behavioural issues and 'troubled families' and insufficiently on structural factors. There is increasing concern that fiscal consolidation is especially harmful to families and is overwhelming the 2011-14 Child Poverty Strategy. The current measures of child poverty may also be changed. Impact assessment and evaluation are generally fairly comprehensive; but it is argued that current policies do not always reflect the best interests of children as primary.

The National Children's Bureau warns of a real risk of 'social apartheid' for UK children, with rich and poor living in 'parallel worlds', and calls for urgent government action;<sup>60</sup> we agree. Many believe fiscal consolidation has been imposed at too fast a pace and should be rethought. We also recommend that, if it believes fiscal consolidation is necessary, the Government should rebalance it to include more tax increases (in particular in progressive taxes) and move away from disproportionate reductions in benefits and services affecting families with children in particular, which it has been shown will increase child poverty. There should be greater recognition of the priority children should have and the benefits of investing in them. This could mean reducing the resources of better-off people at other lifecycle stages, including pensioners; if so, increased taxation is a preferable alternative to means testing universal benefits. There should be more emphasis on overall child poverty and its structural causes, not only on a minority of multiply disadvantaged families and behavioural issues. Governance would be improved by consultation periods being at least the minimum period; care with use of statistics in controversial policy areas; and greater openness to inputs both from experts and from those affected by government policies.

## 2. Access to adequate resources

### 2.1. Policies to support parents' participation in the labour market

#### 2.1.1. Key challenges

The latest figures on unemployment (April-June 2013)<sup>61</sup> are largely slightly improved compared with the previous quarter but it is still 7.8% (over 2.5 million) (**Appendix 1**). The gap between unemployment and underemployment is widening, to 1.94% in the first 2013 quarter; workers wanted to work nearly a net extra 20m hours/week.<sup>62</sup>

In 2012, 17.9% of UK households had no one in employment;<sup>63</sup> by April-June 2013, this had fallen to 17.1% - though the overall number of households with at least one person aged 16-64 had also fallen by 165,000.<sup>64</sup> The UK has a high proportion of households with children with low work intensity. 1.75m children (15.1%) were living in workless households in 2012 (1.16m of these in lone-parent families); by April-June 2013, this had fallen to 14%, or 1.6m, 65% of whom were in lone-parent households. The Government focuses on worklessness and believes universal credit (UC) will make a big difference. As we noted in our country profile, lone parent employment has increased recently, and this has survived the recession. The media report increasing numbers of female breadwinners, including in couples. However, 45% of women work

<sup>60</sup> Forthcoming report from National Children's Bureau, reported in *The Observer* (2013), 25 August

<sup>61</sup> [http://www.ons.gov.uk/ons/dcp171778\\_319808.pdf](http://www.ons.gov.uk/ons/dcp171778_319808.pdf)

<sup>62</sup> Blanchflower, D. (2013) *The Guardian*, 29 July

<sup>63</sup> ONS (2102), 'Working & workless households, 2012' - *Statistical Bulletin*

<sup>64</sup> ONS (2013) 'Working & workless households, 2013' - *Statistical Bulletin*

6-30 hours weekly, compared with 14.5% of men.<sup>65</sup> And a think tank says there are a million women missing from work, in part due to childcare costs and disincentives.<sup>66</sup>

There is also concern about workers, who may have reduced hours to avoid job loss. 'In work poverty' has increased (partly perhaps due to social protection changes as well as low pay).<sup>67</sup> 55% of UK mothers in couple families work part time (third highest in the OECD); 44% of fathers in such families work over 45 hours per week.<sup>68</sup>

### 2.1.2 Strengths and weaknesses of policies

The new governor of the Bank of England says interest rates will stay low until unemployment drops below 7% (not likely until 2016).<sup>69</sup> The main programme for active inclusion is the Work Programme, launched in 2011, with more private and voluntary sector involvement in delivery and more emphasis on outcome funding (including 'sustainable' employment). This was the topic of our second 2012 report.<sup>70</sup>

The latest Work Programme performance data show that for the most recent monthly intakes of referrals to complete 12 months – referred in January, February and March 2012 – 11.7%, 13% and 13.4% had achieved a Job Outcome payment during their first 12 months on it. In the first financial year the performance level for the JSA 18 to 24, JSA 25 and over and ESA new customers Payment Groups were 1%, 1% and 0.6% respectively – against a Minimum Performance Level of 5.5% for each group.<sup>71</sup>

An assessment of lone parents' obligations (LPO)<sup>72</sup> to work when their youngest child reaches a certain age (July 2013) examines the phases when lone parents lost income support (IS) between November 2008 and the end of June 2011, when their youngest child was aged at least 7. This found LPO has had a much greater impact on moving lone parents into work than other previous departmental employment programmes and initiatives aimed at them. Three months after the loss of IS, LPO is estimated to have reduced the share of lone parents receiving any out-of-work benefit by 11-13 ppts, and increased the share in work by around 7 ppts. Nine months after, the share getting any out-of-work benefit had fallen further, to a 13-16 ppt reduction, and the share in work had increased, to 8-10 ppts. The lone parent employment rate was 59.2% in 2012 (63.5% in the fourth quarter<sup>73</sup> and 63.7% in April-June 2013),<sup>74</sup> up from 43.8% in 1996. Research found lone parents did not benefit as much from the Work Programme.<sup>75</sup> Some 5% more lone parents in work could save £436m/year.<sup>76</sup>

Working tax credit was removed from couples working 16-24 hours between them. Whilst initially the recession saw men's jobs being reduced, public sector job cuts are

<sup>65</sup> Office for National Statistics (2013) *Labour Force Survey*, April 2013

<sup>66</sup> Plunkett, J. (2011) *The Missing Million*, London: Resolution Foundation

<sup>67</sup> Cantillon, B., Van Mechelen, N., Pintelon, O. & Van den Heede, A. (2013) *Why has Social Security Become Less ProPoor?*, ImPRovE Discussion Paper 13/05, Antwerp: Centre for Social Policy, Antwerp University

<sup>68</sup> Plunkett, J. (2011) *The Missing Million*, London: Resolution Foundation

<sup>69</sup> *The Guardian* (2013), 15 August

<sup>70</sup> Bradshaw, J., Bennett, F. & Sainsbury, R. (2013) *Assessment of the Implementation of the European Council Recommendations on Active Inclusion: A study of national policies: Country report: UK*, Brussels: EU Network of Independent Experts on Social Inclusion for European Commission <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en&newsId=1823&moreDocuments=yes&tabId=eName=news>; see also CESI (2013) *Hidden Talents: National programmes for young people*, Local Government Association

<sup>71</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/210226/work-programme-stats-summary-june-2013\\_v2\\_020713.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/210226/work-programme-stats-summary-june-2013_v2_020713.pdf)

<sup>72</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/211688/rrep845.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/211688/rrep845.pdf)

<sup>73</sup> <http://www.ons.gov.uk/ons/rel/lmac/working-and-workless-households/2012/stb-working-and-workless-households-2012.html>

<sup>74</sup> ONS (2013) 'Working & workless households, 2013', *Statistical Bulletin*

<sup>75</sup> Whitworth, A. (2013) *Tailor Made? Single parents' experiences of employment support from Jobcentre Plus & the Work Programme*, London: Gingerbread

<sup>76</sup> De Agostini, P. & Brewer, M. (2013) for Gingerbread, reported in *ISER News*, summer 2013

more likely to hit women, and investment in infrastructure favours traditional male jobs such as construction. There has been continuing concern about whether work really 'pays' for many people, and calls for an earnings disregard for 'second earners' in the UC scheme, allowing them to keep more of the money they earn.<sup>77</sup> The 'living wage' is taking on a higher profile, and is paid in parts of the Scottish public sector.

The Children and Families Bill proposal for shared parental leave from April 2015 has been welcomed; but there is no reserved period for fathers (shown to encourage shared caring), and amendments have been put forward to allow part-time shared leave. From 2014 all employees also have the right to request flexible working.

Scotland and Northern Ireland in particular stress increasing access to good quality employment for parents in their child poverty strategies.

## 2.2. Adequate living standards

### 2.2.1. Key challenges

Some of the reduction in relative child poverty (and on the combined low income and material deprivation measure) since 2009/10 can be attributed to the fall in the 60% median threshold. But there were 100,000 more children in poverty on the 'absolute' measure (fixed at 1998/99 median income) in 2011/12, and this is expected to have increased again in 2012/13. (**Appendix 2.**)

The Trussell Trust, the largest food bank organiser, said over 350,000 people got at least 3 days' emergency food last year (130,000 in 2011/12).<sup>78</sup> In total over 500,000 people used food banks last year,<sup>79</sup> the number having trebled over the year, and food banks are rapidly expanding. Jobcentres can now signpost people to them, and there are stories of staff doing this instead of giving access to advance benefit payments. Much of the need is created by mistakes and delays in benefit payments, as well as cuts and changes; and there is also growing concern about increasing benefit sanctions.

'Payday lending' (providing short-term loans, often at high rates of interest and 'rolled over' to build up to large amounts) is growing. The Archbishop of Canterbury challenged a leading firm (making nearly 4m loans for £1.2bn to 1m people in 2012) to compete with credit unions supported by churches. The Government is investing more in credit unions. It is considering more curbs on payday lenders but does not favour a maximum interest rate, which some argue encourages illegal loan sharks.

In Ireland from 2010-11 there was hardly any change in the relative child income poverty rate but a very sharp increase in the deprivation rate; in the UK there is little evidence as yet of such a trend, however (**Appendix 2**). But although unemployment had increased by 2010/11, and incomes had begun to fall in real terms, many cuts in benefits and services were not implemented until April 2011. Moreover, falls in real incomes resulting from economic restructuring and benefit changes did not start to bite until 2010 and beyond. The squeeze on real wages (which fell by 9% from 2009-12) also started to bite from 2010. We would thus expect deprivation levels to have started to rise from 2010/11. Some evidence on child deprivation in 2012 comes from the Poverty and Social Exclusion Survey, using the 'socially perceived necessities' method (Table 4, **Appendix 2**). Table 5 shows the risk of poverty for different kinds of families. The most striking change is the increase in the proportion of children in families with an employed adult, from 57% in 2007/08 to 68% in 2011/12.

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<sup>77</sup> Johnson, P. (2012), *Fairer by Design: Efficient tax reform for those on low to middle incomes*, London: Resolution Foundation

<sup>78</sup> *The Independent* (2013), 30 May

<sup>79</sup> Cooper, N. and Dumbleton, S. (2013) *Walking the Breadline: The scandal of food poverty in 21<sup>st</sup> century Britain*, Church Action on Poverty and Oxfam

So the main causes of child poverty in the UK are low in-work incomes: a combination of low pay, low child benefits and tax credits, and the work situation of individuals in couples. (The impact of high childcare costs is hidden, as they are not included in HBAI.) High housing costs exacerbate the after housing costs poverty risk. Hours worked also play a part – the risk of child poverty is quite low if there is an adult in full-time work, even for lone-parent families. It increases if adults are unable to work full-time, or in couple families if only one adult is employed. There has also been media coverage recently of the proliferation of zero hours contracts, now said to affect some 1 million people. The risk of child poverty is clearly much higher in workless households, where out-of-work benefits are a long way below the poverty threshold.

One way to assess the adequacy of the UK social protection system is to compare it with the Minimum Income Standard (MIS) (based on asking members of the public to identify the items and services a household would require to reach a minimum acceptable standard of living, covering essential needs and allowing household members to participate in society).<sup>80</sup> The latest MIS is from April 2013. It concludes:

- Over the past decade, minimum household budgets have risen by 45%, against the CPI rise of 30%. (The CPI is now used to uprate working age benefits.)
- Out-of-work benefits remain well below the MIS level. Over the past 5 years, working-age benefits have deteriorated substantially relative to MIS.
- For families with children, earnings needed to make ends meet have risen by over 5%. Higher tax allowances have been offset by child benefit freezes and below-inflation tax credit rises. In recent years, families' earnings needed to achieve MIS have been rising rapidly, while actual wages have stagnated.

Table 6 in **Appendix 2** shows that couples with children and lone parents working full time on the minimum wage are a long way short of reaching the MIS budget; those on out-of-work benefits have incomes just over half that required for the MIS budget.

### 2.2.2. Strengths and weaknesses of policies

Parts of the Government's package of austerity and welfare reform measures are exacerbating the problem of child poverty.<sup>81</sup> We have detailed many of these changes (including, e.g., significant cuts to child tax credit), in previous reports. Here, therefore, we focus primarily on the most important and/or recent changes. In particular:

1. The 2010 Budget announced that from April 2011 most DWP-administered benefits and tax credits for those of working age would be uprated with the CPI.
2. The decision of the coalition Government, announced in the 2012 Autumn Statement, to uprate most benefits and tax credits by 1%/year for the next 3 years is unprecedented (child benefit was frozen for 3 years from April 2010). This will save £3.8bn. - meaning households, including the poorest families, will have that amount taken from their incomes. The impact on their living standards will be much starker. The CPI is running at 2.7% (April 2013),<sup>82</sup> and the Office for Budget Responsibility<sup>83</sup> expects inflation to be over 2% for at least the next 3 years. However, the movement in average prices is not very relevant to low-income households because they tend to spend a larger proportion of their budgets on commodities (food, fuel, water) whose prices have been increasing faster. Thus the Retail Prices Index (RPI) and CPI both underestimate the inflation experienced by people with low incomes on benefits. The Government itself estimates that its policy of capping benefits uprating will lead to an

<sup>80</sup> <http://www.lboro.ac.uk/research/crsp/mis/reports/>

<sup>81</sup> See Farthing, R. (2013) *Local Authorities & Child Poverty: Balancing threats and opportunities*, London: Child Poverty Action Group, for an up to date list of cuts and changes

<sup>82</sup> [http://www.ons.gov.uk/ons/dcp171778\\_315111.pdf](http://www.ons.gov.uk/ons/dcp171778_315111.pdf)

<sup>83</sup> <http://cdn.budgetresponsibility.independent.gov.uk/March-2013-EFO-44734674673453.pdf>

additional 200,000 children in poverty by 2015-16.<sup>84</sup> The real incomes of the poorest are going to fall as a deliberate act of policy. This has not happened since 1931. The decision to uprate benefits by less than inflation is justified by the argument that earnings are falling in real terms. This is true; and it meant that for the first time for decades, there was some closing of the gap between the living standards of those out of work and working households. However, this should be put in a longer-term context: in 1948, the single person's social assistance rate was 18% of average earnings, and in the late 1960s 20% - but by 2011, it had fallen to 11%.

3. A series of 'welfare reforms' has been introduced which are going to reduce the living standards of a number of families with children. We have covered these in past reports, so they are summarised here, with the detail in **Appendix 3**.

- The benefit cap, which came in fully in July 2013, restricts benefit to £500/week for couples and lone parents (£350 for others). It is expected to hit large families with children with high housing costs in particular. Some 56,000 households were expected to see their benefits cut in 2013/14 (including 190,000 children) though the latest estimate reduced this to 40,000.<sup>85</sup>
- The abolition of the spare room subsidy (the so-called 'bedroom tax') reduces housing benefit (HB) for social tenants in dwellings with one or more 'spare' bedrooms by an average £14/week, from April 2013. It affects some 660,000 tenants – 31% of existing working age HB claimants in the social sector.<sup>86</sup>
- Council tax benefit was abolished as a national system from April 2013. Local authorities were given powers to administer alternative schemes. But the budget was cut by 10%; and they had to protect all pensioners and some other groups. Many low-income families thus now pay council tax for the first time.
- Crisis loans for emergencies and community care grants (parts of the discretionary Social Fund) were abolished and replaced by provision from local authorities, which set up a myriad of schemes from April 2013, without a ring-fenced budget. These have been described as a 'post code lottery'.<sup>87</sup>
- Reassessment of Incapacity Benefits claimants, to move them on to Employment and Support Allowance (or not), is proceeding - though with the assessments subject to much criticism, and 30% of appeals succeeding.
- Personal Independence Payment (PIP) replaces Disability Living Allowance, helping disabled working age claimants with extra costs of care and/or mobility needs. PIP is designed to save £2.2bn. (20%), and is likely to result in those on the lower rates of DLA losing benefit.
- The 2013 Spending Review heralded a cap on annually managed benefit expenditure (AME) from 2014 (pensions, though not all pensioner benefits, are excluded). Only minimal allowance is made for cyclical changes in spending.
- Universal credit (UC), merging means-tested benefits and tax credits for those in and out of work, is being gradually introduced (from 2013-17), to simplify benefits and ensure work pays. The Social Security Advisory Committee<sup>88</sup> reported on the risks and vulnerabilities, including on-line claims, the claimant commitment (introduced nationally from October 2013), monthly assessment and payment, 'real time information' about pay from employers, the minimum income floor for self-employed claimants and the future of passported benefits

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<sup>84</sup> Written Ministerial Statement 15 January 2013, cols 715-7WS, House of Commons *Hansard*, TSO  
<sup>85</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220153/eia-benefit-cap-wr2011.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220153/eia-benefit-cap-wr2011.pdf); & updated in DWP (April 2013) *Ad Hoc Statistics on Households Identified As Potentially Impacted by the Benefit Cap*, London: Department for Work & Pensions  
<sup>86</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220154/eia-social-sector-housing-under-occupation-wr2011.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220154/eia-social-sector-housing-under-occupation-wr2011.pdf). (The HB restriction already applies to private tenants.)  
<sup>87</sup> Gibbons, D. (2013) *Local Welfare Provision, Low-income Households, & Third Sector Financial Services Provision*, London: Centre for Responsible Credit  
<sup>88</sup> Social Security Advisory Committee (2013) *The Implementation of Universal Credit and the Support Needs of Claimants*, Occasional paper 10, London: SSAC

once the benefits/tax credits that trigger them do not exist. The National Audit Office criticised the Government for the lack of a 'detailed view of how UC is meant to work', and for its over-ambitious plans for the programme.<sup>89</sup>

The Government consulted on a proposal to abolish the annual statistics on take-up of means-tested benefits, but was persuaded not to do so by the responses (and perhaps also because increased take-up is a major cause of the expected fall in child poverty via UC). There has been forensic analysis of the impact of benefit cuts and changes, including of the differential impact on poorer areas.<sup>90</sup>

The Liberal Democrats said they would oppose further benefit cuts; but the proposed cap on annual managed expenditure gets round this. Press stories suggest future welfare reforms may include proposals to eliminate housing benefit for under 25s, restrict child benefit/benefits for children to 2 children per family, and reduce the benefit cap.<sup>91</sup> The Chancellor said reducing the deficit further after 2015 will be by cutting spending rather than by increasing taxes.

A new study finds that fewer than 1 in 4 people on benefits will be in a position to offset cuts in their income by finding work or moving to cheaper accommodation.<sup>92</sup>

### 2.3 Urgent priorities for change

(See above for overall priorities.) Additional resources should be spent to maintain and improve the living standards of those now in poverty. In particular, the policy of uprating most benefits/tax credits for those of working age by 1% should be reversed; the benefit cap and 'bedroom tax' should be abandoned; and the annually managed expenditure cap on social security spending should not be introduced.

Family poverty levels are influenced by female employment (lone parents and 'second earners'). Infrastructure investment should include more jobs likely to be taken by women, and plans for UC should be revised so as not to penalise 'second earners'.

Despite the cuts, numbers on housing benefit continue to grow, to over 5m in May (over 300,000 more in 3 years). This includes increasing numbers in work, who are drawn into the 'poverty trap'. This shows how other policies are also key; for example, many people are now calling for more investment in housing to reverse this trend.

## 3. Access to affordable quality services

### 3.1: Early years childhood education and care

#### 3.1.1. Key challenges

Child care is seen as a key policy area by the Commission, which found that 'lack of high-quality and affordable child care ... contributes to the high proportion of workless households'. A CSR urged the UK to fully implement measures aiming at facilitating access to child care. Child care is clearly also relevant to lone parents at work and to couples with one or two earners; and early childhood education and care can be seen as a right of all children, particularly key for those from disadvantaged families.<sup>93</sup>

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<sup>89</sup> National Audit Office (2013) *Universal Credit: Early progress*, HC 621 (Session 2013-14), London: TSO  
<sup>90</sup> See, e.g., Beatty, C. & Fothergill, S. (2013), *Hitting the Poorest Places Hardest: The local & regional impact of welfare reform*, Sheffield: Centre for Regional, Economic & Social Research (Sheffield Hallam University)

<sup>91</sup> *The Times* (2013), 16 July

<sup>92</sup> Wilson, T., Morgan, G., Rahman, A. & Vaid, L. (2013) *The Local Impacts of Welfare Reform: An assessment of cumulative impacts & mitigations*, London: Local Government Association

<sup>93</sup> Lloyd, E. & Penn, H. (2012) *Childcare Markets: Can they deliver an equitable service?* Bristol: Policy Press

There is part-time free early education provision for 3- and 4-year-olds, which has also been made more flexible. This is being extended from the current 20% of 2-year-olds to 40% by September 2014.<sup>94</sup> But much child care is very costly,<sup>95</sup> especially (proportionately) in Northern Ireland.<sup>96</sup> Supply has improved; but families can find formal child care inflexible and unaffordable.<sup>97</sup> The Government sees over-regulation as leading to high costs,<sup>98</sup> though others see demand-led funding as a key issue.<sup>99</sup>

A review examining the childcare workforce found it less well-qualified than in many other European countries.<sup>100</sup> A government report found high performing European countries in terms of school outcomes seemed to have higher staff/child ratios, higher staff qualifications/training and relatively higher regulation in pre-school provision.<sup>101</sup>

### 3.1.2. Strengths and weaknesses of policies

This Government, like others, recognises the importance of child care, and is putting in additional funding. It set up a Commission in 2012 and a number of proposals have been made. *More Great Childcare* (2013) made proposals to improve quality, reform regulation, enhance workforce status and qualifications and make child care more affordable. There was consultation on relaxing staff/child ratios to reduce costs, in part by a trade-off with qualifications (e.g. allowing childminders to care for up to 4 2-year-olds); but after opposition this was withdrawn.<sup>102</sup> *More Affordable Childcare* (2013) suggested downgrading local authority 'gatekeeping', that currently places quality conditions on funding; instead early years institutions labelled good/outstanding by the inspectorate would automatically get funding for 2-4-year-olds.

The Government is now consulting on a proposal that from autumn 2015 a voucher equivalent to tax relief of 20% will give up to £1,200/year per child for each parent in work earning under £150,000 per year and not on tax credits, initially for under-5s but expanding to under-12s (covering 2.5 million families).<sup>103</sup> Families must apply to voucher providers; and employers favoured their own voucher schemes (to will be abolished).<sup>104</sup> Criticism has also focused on setting such a high cut-off for help, at a time of benefit cutbacks and falling living standards. This may be being proposed in part due to fall-out from the 'income tax charge' on child benefit for higher rate taxpayers. In turn, because the proposal adds to pressure on the Government from one-earner families, it may act as a catalyst for the introduction of a transferable tax allowance for married couples (with children). In total, this will exacerbate the already illogical and ill-thought out support for families.<sup>105</sup> The proposal is also criticised as

<sup>94</sup> Speech by deputy prime minister, 2 September 2013; <https://www.gov.uk/free-early-education>. The current qualifying conditions of receiving free school meals or being looked after by the local authority will be extended to cover families on working tax credit and earning under £16,190/year, and those children who have been adopted, are in care or have a disability or special educational needs (£760m in 2014-15)

<sup>95</sup> But see, e.g., Barnardo's (2013) *Paying to Work: Childcare & child poverty*

<sup>96</sup> McQuaid, R., Graham, H. & Shapira, M. (2013) *Childcare: Maximising the economic participation of women*, Belfast: Equality Commission for Northern Ireland

<sup>97</sup> Hall, S. & Perry, C. (2013) *Family Matters: Understanding families in an age of austerity*, Family & Childcare Trust (formerly Family & Parenting Institute/Daycare Trust)

<sup>98</sup> Department for Education (2013) *More Great Childcare: Raising quality & giving parents more choice*

<sup>99</sup> Cooke, G. & Henahan, K. (2012) *Double Dutch: The case against deregulation & demand-led funding in childcare*, London: Resolution Foundation

<sup>100</sup> Nutbrown, C. (2012) *Foundations for Quality: The independent review of early education & childcare qualifications (Final Report)*, London: Department for Education

<sup>101</sup> Pascal, C., Bertram, T., Delaney, S. & Nelson, C. (2013) *A Comparison of International Childcare Systems*, Research Report 269, Department for Education

<sup>102</sup> *Financial Times* (2013), 6 June

<sup>103</sup> Written Ministerial Statement (2013), House of Commons *Hansard*, London: TSO, 19 March

<sup>104</sup> *Financial Times* (2013), 5 August

<sup>105</sup> Joyce, R. (2013) *Withdrawal Symptoms: The new 'high income child benefit charge'*, Observation, January, London: Institute for Fiscal Studies; *Sunday Telegraph* leader, 4 August 2013

adding to demand side subsidy - and, because it is financed from the benefits budget, as reducing the remaining amount left once the cap on AME is imposed from 2015.

The Government had reduced help with childcare costs in tax credits/UC from 80 to 70% in April 2011; but it will extend help to those working under 16 hours/week in UC. It has now announced that from April 2016 up to 85% of costs will also be refunded for parents on UC earning enough to pay income tax (who will be excluded from the tax-exempt child care). This is seen as introducing complexity, when UC is meant to simplify benefits. A think tank says 900,000 lower-income working families will miss out on the extra support because all the adults will not earn above the 2016 tax threshold of £10,000,<sup>106</sup> meaning lower-paid second earners had worse incentives.

There is broad agreement among experts in favour of a supply rather than demand side focus; a think tank close to the Government recently called for a 'supply-side revolution' in childcare provision.<sup>107</sup> The free provision (15 hours/week) for 3- and 4-year-olds has been made more flexible and is being extended to disadvantaged 2-year-olds (with slightly different priorities in Scotland). Maintained settings offer the highest quality early childhood education and care for children from low-income families according to a recent study but do not currently facilitate parental employment or (thus) a social mix; so the question should be how to extend this.<sup>108</sup>

Care to Learn, giving childcare help to parents under 20 and studying (the vast majority of whom are women), has been continued. But the all-round service provided by Sure Start children's centres, highly valued by users,<sup>109</sup> is now under threat or being eroded. Local authority budgets have seen significant cuts and the removal of the dedicated Sure Start grant. Councils saw children's centres as a positive investment and sought to retain them if possible; but a census of 500 centres found a fall of 7.7% between 2010 and 2011, to 3,350,<sup>110</sup> and evaluation found 40% reporting cuts.<sup>111</sup> An MPs' group found the 'early intervention grant' covering children's centres will fall in 2013-15, more than cancelling out extra funds for early years education for disadvantaged 2-year-olds,<sup>112</sup> and recommends that the 2016-18 spending review should shift 2-3% of spending to early intervention each year.

The devolved administrations may pursue different policies. Northern Ireland has no childcare strategy and the most limited goals for pre-school early education and care. Wales plans to integrate provision up to 7 years old and expand free provision for 2- and 3-year-olds in disadvantaged areas. Scotland aims to expand this with additional hours for 3- and 4-year-olds but provision for 2-year-olds is for looked after children.

Two potential developments are also causing concern. First, child care is seen as crucial because it can help parents into work, especially 'second earners' (women) in

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<sup>106</sup> Cory, G. (2013) *All Work & No Pay: Second earners' work incentives & childcare costs under universal credit*, London: Resolution Foundation

<sup>107</sup> Ghelani, D. with Crawford, D. (2012) *Transforming Childcare, Changing Lives: Making sure that work pays - how to maximise universal credit by reforming childcare*, London: Centre for Social Justice

<sup>108</sup> Gambaro, L., Stewart, K. & Waldfogel, J. (2013) *A Question of Quality: Do children from disadvantaged backgrounds receive lower quality early years education & care in England?*, CASEpaper 171, LSE

<sup>109</sup> Maisey, R., Speight, S. & Haywood, S., with Hall, J., Sammons, P., Hussey, D., Goff, J., Evangelou, M. & Sylva, K. (2013) *Evaluation of Children's Centres in England (ECCE) Strand 2: Baseline Survey of Families Using Children's Centres in the Most Disadvantaged Areas*, Research Report 260, Department for Education

<sup>110</sup> 4Children (2012) *Sure Start Children's Centres Census 2012: Developments, trends & analysis of Sure Start children's centres over the last year & the implications for the future*

<sup>111</sup> Tanner, E., Agur, M., Hussey, D. & Hall, J. (with Sammons, P., Sylva, K., Smith, T., Evangelou, M. & Flint, A.) (2012) *Evaluation of Children's Centres in England (ECCE) Strand 1: First Survey of Children's Centre Leaders in the Most Deprived Areas*, Research Report RR230, Department for Education

<sup>112</sup> *The Guardian* (2013), 23 July; All Party Parliamentary Sure Start Group (2013) *Best Practice for a Sure Start: The way forward for children's centres*, London: 4Children

couples.<sup>113</sup> This is true. But two conclusions often drawn are mistaken. One, that this is the key reason for providing child care; instead, it should be seen as important for all children (and more likely to be good quality if so). In addition, to recommend - as some do<sup>114</sup> - that parents take out a loan for childcare costs,<sup>115</sup> or that benefits for children should be frozen to finance expanded child care, effectively means only those bringing up children pay for improvements in childcare availability/affordability. This does not seem acceptable,<sup>116</sup> especially as child benefit will be 10% lower by 2014.<sup>117</sup>

Secondly, the recent Commission social investment document proposed conditional cash transfers to persuade low-income parents to send their children to early childhood education and care. But - especially if such payments substitute for current benefits - we believe this would be counter-productive. Very disadvantaged parents already often feel their parenting is under scrutiny, and are wary of services in case they may be blamed; making support conditional on sending children to such provision may only exacerbate this. The outreach/partnership approaches adopted in Sure Start children's centres and by health visitors are more likely to succeed in creating trust.

## 3.2. Education

### 3.2.1. Key challenges

The school system is free of charge in the UK and children have a right to be at school from age 3 part time and a duty to be at school from 5-16. Both attainment and participation have been improving in the UK (**Appendix 4**).<sup>118</sup> However, all is not well.

First, in UNICEF's *Report Card 11*<sup>119</sup> the UK came 6<sup>th</sup> from bottom of 29 countries in the league table of rich countries (8<sup>th</sup> out of 29 on preschool enrolment, bottom in participation in further education, 5<sup>th</sup> from bottom on NEETs, and 11<sup>th</sup> on attainment).

Second, the proportion of young people in full-time post-16 education fell from 68.6% (2010) to 67.7% (2011), the first fall since 2001. High youth unemployment, as in the recent recession, seems to make 11-15 year olds with parents of low education and/or less positive attitudes less likely to stay on.<sup>120</sup> NEET rates rose in 2011 but seem to have fallen again in 2012.<sup>121</sup> The proportion of young people in training declined to 5.6% in work-based learning and 2.9% in employer-based training by 2011. There is concern about apprenticeships being taken up by older people, and some evidence in 2012 that the numbers of young people taking them up were falling.<sup>122</sup>

Third, a large body of evidence links poverty to poor educational outcomes,<sup>123</sup> much of it associated with difficulties in cognitive development in infancy. But also there is

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<sup>113</sup> Plunkett, J. (2011) *The Missing Million: The potential for female employment to raise living standards in low to middle income Britain*, London: The Resolution Foundation

<sup>114</sup> For example, the Institute for Public Policy Research and the Resolution Foundation

<sup>115</sup> Shorthouse, R., Masters, J. & Mulheirn, I. (2012) *A Better Beginning: Easing the cost of childcare*, London: Social Market Foundation

<sup>116</sup> Van Lancker, W. (2013) 'Putting the child centred investment strategy to the test: evidence for the EU 27', *European Journal of Social Security* 15(1), 4-27; Bradshaw, J. (2012) 'Does cash or services have the biggest impact on child poverty?', *New Statesman* blog: <http://www.newstatesman.com/blogs/economics/2012/06/does-cash-or-services-have-biggest-impact-child-poverty>

<sup>117</sup> See Hirsch *et al.* (2012); see also Trades Union Congress (2012) *Child Benefit: A bad case of neglect?*

<sup>118</sup> Keung, A. (2013) 'Education' in Bradshaw, J. (ed) *The well-being of children in the United Kingdom*, Third Edition, Bristol: Policy Press

<sup>119</sup> UNICEF (2013) *Child well-being in rich countries: A comparative overview*, Innocenti Report Card 11, UNICEF office of Research: Florence.

<sup>120</sup> Research from ESRC Research Centre on Micro-social Change, reported in *Institute for Social & Economic Research news*, summer 2013, Colchester: University of Essex

<sup>121</sup> Department for Education (2013), NEET Statistics - *Quarterly Brief - Quarter 1 2013*

<sup>122</sup> *Financial Times* (2012), 12 October

<sup>123</sup> Griggs, J. & Walker, R. (2008) *The costs of child poverty for individuals & society: a literature review*. <http://www.jrf.org.uk/sites/files/jrf/2301-child-poverty-costs.pdf>; National Foundation for Educational

limited access to high quality pre-school provision; poor schools in deprived areas; and economic constraints on participating in school activities. Children on free school meals<sup>124</sup> are less likely to meet Key Stage standards and achieve 5 or more good GCSEs, stay on at school and enter tertiary education. Low achievements in skills have a knock-on effect in employment, with high levels of young people who are NEET and long-term unemployment (associated with crime and substance abuse). Life-time NEET costs were estimated a decade ago as some £15bn (£7bn in resource costs and £8.1bn in public finance costs).<sup>125</sup> Special educational provision costs £3.6bn/year, some of which relates to poverty and deprivation.

### 3.2.2. Strengths and weaknesses of policies

The main government help for disadvantaged pupils in England from 2011 is the pupil premium, extra funding paid direct to schools on the basis of numbers entitled to and registered for free school meals (now extended to those entitled over the past 6 years, and children 'looked after' for over 6 months). Schools do not have to spend the pupil premium on specific measures, and reports suggested they faced pressures to use it to plug holes in their budgets.<sup>126</sup> Evaluation identified tension between criteria for allocating pupil premium funding and schools' criteria of educational disadvantage and said messages to schools about the distinction, and if their use of the pupil premium was legitimate, should be clearer. The schools inspectorate said it would examine how effectively schools are using the pupil premium and focus more closely on the progress of 'pupil premium pupils'.<sup>127</sup> The devolved administrations have no direct equivalent but focus on disadvantaged pupils in other ways.

In a recent consultation,<sup>128</sup> the Government announced an increase in the pupil premium for primary schools to £1,300 per disadvantaged pupil in 2014-15, up from £900 in 2013-14 (£625 in 2011-12). In the spending review, it said the amount would rise with inflation from 2015-16 (more slowly than in this parliament). In future, the Government plans to introduce a new schools funding formula. The Education Endowment Fund, set up by a charity with government funding, also aims to tackle educational disadvantage, but is on a much smaller scale.<sup>129</sup>

The coalition Government is pushing more schools to be academies and allowing 'free schools' to be set up. England remains the outlier in continental Europe in relation to school choice and competition.<sup>130</sup> A study suggested there was little evidence that academies help pupils in the bottom 10/20% of the ability distribution,<sup>131</sup> though other evidence showed that results for disadvantaged pupils (eligible for free school meals and/or with special educational needs) in sponsored academies had been improving at

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Research (2013) *NFER Evidence on Access & Achievement of Children in Poverty in England*, London: NFER

<sup>124</sup> Gorard, S. (2012) 'Who is eligible for free school meals? Characterising free school meals as a measure of disadvantage in England', *British Educational Research Journal*, 38(6)

<sup>125</sup> Coles, B., Hutton, S., Bradshaw, J., Craig, G., Godfrey, C. & Johnson, J. (2002) *Literature review of the cost of being 'not in education, employment or training' at age 16-18*, Research Report 347, Nottingham: Department for Education and Skills

<sup>126</sup> Ofsted (2012) *The Pupil Premium: How schools are using the pupil premium funding to raise achievement for disadvantaged pupils*, HMI 120197; ; Clifton, J. (ed) (2013) *Excellence & Equity: Tackling educational disadvantage in England's secondary schools*, London: Institute for Public Policy Research

<sup>127</sup> Carpenter, H., Papps, I., Bragg, J., Dyson, A., Harris, D., Kerr, K., Todd, L. & Laing, K. (2013) *Evaluation of Pupil Premium*, Research Report 282, London: Department for Education; *The Guardian* (2013), 3 July

<sup>128</sup> Department for Education (2013) *Primary Assessment and Accountability under the New National Curriculum*, London: DfE; House of Commons *Hansard* (2013), Debates 17 July, cols. 1099-1112

<sup>129</sup> <http://educationendowmentfoundation.org.uk/>

<sup>130</sup> Mattei, P. (2012) 'Market accountability in schools: policy reforms in England, Germany, France & Italy', *Oxford Review of Education*, 38(3)

<sup>131</sup> Machin, S. & Silva, O. (2013) *School Structure, School Autonomy & the Tail*, Special Paper 29, London: Centre for Economic Performance (London School of Economics)

a faster rate than average for state-funded schools and faster than in comparable local authority schools.<sup>132</sup> The OECD found schools in the UK among the most socially segregated in the developed world.<sup>133</sup>

The School Food Plan recommended extending free school meals to the 3 million primary school pupils in England not currently getting them. The Government is said to be sympathetic; but no move is likely before 2016 at the earliest because of cost.<sup>134</sup>

The Government says it wants to 'make sure that children are properly supported so that they complete their education'.<sup>135</sup> Educational maintenance allowances (EMAs) resulted in significantly increased participation, retention and achievement. Despite this, EMAs were abolished in England by the coalition Government following the 2010 Spending Review (using the argument that only 1 in 10 relied on them to participate), to be replaced from 2011 by much reduced and largely discretionary schemes of bursaries at school/college level. A Select Committee was sceptical about the likely impact of this scheme; and interim evaluation found 1 in 3 providers did not feel these were effective at reaching those with the greatest barriers to learning.<sup>136</sup> The devolved administrations have kept EMAs. A report suggested a long way to go on widening higher education (HE) access;<sup>137</sup> but poor achievement in secondary schools is more important in explaining lower participation for pupils from low socio-economic backgrounds than barriers at point of entry, so earlier policy intervention is needed.<sup>138</sup>

### 3.2.3. Devolved administrations' policies

Education is a devolved activity and there have been increasing divergences of policy. Wales has not pursued the same path of school autonomy; it passed an Act to strengthen school intervention and drive up improvement via statutory guidance.<sup>139</sup> Scotland retained EMAs, which will provide a contrast to monitor. (Raising the compulsory school leaving age to 18 will make this more difficult, however - and was also used to justify EMA abolition.) Scotland also passed a Bill to give legal backing to measures to widen access to university.<sup>140</sup> Northern Ireland said it would focus more help (an extra £30m) on schools with a high proportion of pupils from low-income families. There would be an extension to free school meals eligibility, so 15,000 more children would be entitled by autumn 2014, and to support with uniform costs.<sup>141</sup>

## 3.3. Child health

### 3.3.1. Key challenges

The UK National Health Service (NHS) should ensure children have access to health care free at point of need and without charges for drugs, optical or dental treatment.

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<sup>132</sup> Department for Education (2013) *Attainment by Pupils in Academies 2012: Supplementary analysis to the Academies Annual Report*.

<sup>133</sup> OECD (2012) *Education at a Glance 2012: OECD indicators*, Paris: Organisation for Economic Co-operation & Development

<sup>134</sup> Dimpleby, H. & Vincent, J. (2013) *The School Food Plan*, London: Department for Education; *The Guardian* (2013), 13 July

<sup>135</sup> Department for Work & Pensions website (accessed 9 August 2013).

<sup>136</sup> Callanan, M., Griggs, J., Lloyd, C., Kitchen, S. & Wollny, I. (2013) *Evaluation of the 16-19 Bursary Fund: Year 1 Report*, Research Report 265, London: Department for Education; Evans, J. (2012) *Staying the Course: Disadvantaged young people's experiences in the 1st term of the 16-19 Bursary Fund*, Barnardo's

<sup>137</sup> Social Mobility & Child Poverty Commission (2013) *Higher Education: The fair access challenge*

<sup>138</sup> Chowdry, H., Crawford, C., Dearden, L., Goodman, A. & Vignoles, A. (2013) 'Widening participation in higher education: analysis using linked administrative data', *Journal of Royal Statistical Society: A*, 176(2)

<sup>139</sup> Welsh Government (2012) *School Standards and Organisation (Wales) Bill*

<sup>140</sup> *Post-16 Education (Scotland) Bill*, 2013, Scottish Government, TSO; Scottish Parliament Debate 26 June 2013, cols 21691-21722, *Official Report*, TSO

<sup>141</sup> Northern Ireland Executive (2013), press release 11 June

The most recent child health strategy was set out in *Improving Children and Young People's Health Outcomes: a system wide response*<sup>142</sup> (2013).<sup>143</sup> In general, UK child health outcomes have improved over time (**Appendix 5**).<sup>144</sup> However, all is not well.

First, there is very strong evidence of an association between poverty and child health.<sup>145</sup> (For more evidence, see **Appendix 6**.) The impact of the crisis, and fiscal consolidation measures taken, therefore does not bode well in terms of child health. Hirsch<sup>146</sup> has estimated the health costs of child poverty to be £500 million per year.

Second, while most health indicators have been improving, the UK does not perform well compared with other rich countries on child health outcomes. Thus in UNICEF's *Report Card 11*, the UK came 16<sup>th</sup> out of 29 countries on health and safety; 21<sup>st</sup> on infant mortality; 18<sup>th</sup> on low birth weight; 16<sup>th</sup> on immunisation; 11<sup>th</sup> on child/youth mortality. We are only in the middle on subjective well-being. Breastfeeding, alcohol and cannabis use and especially teenage pregnancy are comparatively bad in the UK.

Third, some things are not improving, including diabetes, asthma and sexually transmitted infections. We failed to reach our teenage pregnancy targets. Evidence suggests subjective well-being stopped improving after 2008<sup>147</sup> and the trend in youth suicides may have turned up in 2011. Scotland said children/young people (especially from minority groups) still face barriers in accessing and using health services.<sup>148</sup>

### 3.3.2. Strengths and weaknesses of policies

A new health premium rewards reductions in health inequalities. Local authorities now have responsibility for public health via new health and wellbeing boards (but with few powers and no commissioning budget). The MPs' Committee welcomed the transfer, but said local authorities needed to fully exploit their resources to tackle the 'causes of the causes' of poor health, focusing on the early years especially.<sup>149</sup> A major problem, however, is that public sector cuts have hit hardest in areas with a higher proportion of children with health deprivations. The Committee also recommended devolving screening and immunisation, and services for children up to 5 and child immunisation, to public health staff in local government under Directors of Public Health.

The British Medical Association has expressed concern that some government policies (e.g. cuts to benefits and social care) could reverse recent improvements by hitting the most vulnerable groups hardest, exacerbating child poverty and inequalities.<sup>150</sup>

The devolved administrations have tackled health care/public health differently in some ways<sup>151</sup> (e.g. not extending market mechanisms in health care as England has).<sup>152</sup>

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<sup>142</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/214928/9328-TSO-2900598-DH-SystemWideResponse.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214928/9328-TSO-2900598-DH-SystemWideResponse.pdf)

<sup>143</sup> See also Scottish Government (2013) *Supporting Young People's Health & Wellbeing: A summary of Scottish government policy for the Scottish Government's policies* (for young people in particular)

<sup>144</sup> Bradshaw, J. & Bloor, K. (2011) 'Physical health', in Bradshaw, J. (ed.) *The well-being of children in the United Kingdom*, Third Edition, Bristol: The Policy Press

Bradshaw, J. and Keung, A. 'Subjective well-being & mental health', in Bradshaw, J. (ed.) *The well-being of children in the United Kingdom*, Third Edition, Bristol: The Policy Press

<sup>145</sup> Griggs, J. & Walker, R. (2008) *The costs of child poverty for individuals and society: a literature review*. <http://www.jrf.org.uk/sites/files/jrf/2301-child-poverty-costs.pdf>; Apouey, B. & Geoffard, P-Y. (2013) 'Family income & child health in the UK', *Journal of Health Economics*, 32(4)

<sup>146</sup> <http://www.jrf.org.uk/publications/estimating-costs-child-poverty>

<sup>147</sup> Children's Society (2013) *Good Childhood report* <http://www.childrensociety.org.uk/good-childhood-report-2013-online/index.html>

<sup>148</sup> Elsley, S., Tisdall, K. & Davidson, E. (2013) *Children & Young People's Experiences of, & Views on, Issues Relating to the Implementation of the UN Convention on the Rights of the Child*, Scottish Government

<sup>149</sup> House of Commons Communities & Local Government Committee (2013) *8th Report 2012-13: The Role of Local Authorities in Health Issues*, Cm 8638, Department of Health, TSO + Government Response

<sup>150</sup> British Medical Association (2013) *Growing up in the UK: Ensuring a healthy future for our children*

## 3.4. Housing and living environment

### 3.4.1. Key challenges

Housing may be the 'saving grace'<sup>153</sup> of the UK welfare state, especially for poor families. Housing quality is comparatively high and has been improving, especially in the social sector. UK households are more likely to be satisfied with their housing than those in other EU countries.<sup>154</sup> Child homelessness was falling. But all is not well.

First, child poverty is higher after housing costs. This is likely to be exacerbated by the 'bedroom tax', already leading to increased hardship.<sup>155</sup> Shelter reports numbers constantly struggling to pay their rent/mortgage grew by 44% over the past year.<sup>156</sup>

Second, as shown in Table 5 (**Appendix 2**), housing costs increase the risk of child poverty. Poor families with children are more likely to live in poor housing conditions and poor neighbourhoods and UK households are more likely to report problems with crime, violence and vandalism. In the UNICEF *Report Card 11*, the UK came 10<sup>th</sup> out of 29 countries on housing and the environment, but 15<sup>th</sup> on multiple housing problems.

Third, after a long period of decline statutory homelessness has been increasing since 2010,<sup>157</sup> and in the last quarter 64% of acceptances had dependent children.

### 3.4.2. Strengths and weaknesses of policies

In the third quarter of 2012, 31,450 new houses were completed, the lowest number since records began in 1990.<sup>158</sup> There was a shortage of references to social, or even affordable, housing in the NRP; and policies put less priority on agreements to include affordable housing in developments.<sup>159</sup> Although the Government is clearly aware of the housing supply problem, some measures to address this are seen as insufficient or with the risk of exacerbating high housing costs (e.g. the mortgage scheme Help to Buy announced in Budget 2013). There is growing concern about the ability of the next generation to buy their own homes and about the share of income taken up in rent. The 'bedroom tax' may not solve overcrowding, and could even increase the benefit bill, not cut it; if everyone affected moved, many would have to go into the more expensive private rented sector because of insufficient social housing.<sup>160</sup> And families moving means disruption for children (with, e.g., moving schools affecting attainment).

Housing is a devolved matter, and the smaller nations' policies often diverge from England's. Planning is also devolved. The planning systems in England and the devolved administrations are diverging due to changes by the coalition Government.<sup>161</sup> The smaller nations also have their own programmes to tackle fuel poverty.

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<sup>151</sup> E.g., see Scottish Government (2013) *Supporting Young People's Health and Wellbeing: A summary of Scottish government policy*

<sup>152</sup> Timmins, N. (2013) *The Four UK Health Systems: Learning from each other*, London: Kings Fund

<sup>153</sup> Tunstall, R., Bevan, M., Bradshaw, J., Croucher, K., Duffy, S., Hunter, C., Jones, A., Rugg, J., Wallace, A. & Wilcox, S. (2013) *Housing & poverty evidence review*, York: Joseph Rowntree Foundation

<sup>154</sup> Quilgars, D. (2011) 'Housing & the environment for children' in Bradshaw, J. (ed.) *The well-being of children in the United Kingdom*, Third Edition, Bristol: The Policy Press

<sup>155</sup> [http://www.guardian.co.uk/housing-network/2013/jul/29/bedroom-tax-first-100-days?CMP=twg\\_gu](http://www.guardian.co.uk/housing-network/2013/jul/29/bedroom-tax-first-100-days?CMP=twg_gu)

<sup>156</sup> Campbell Robb, chief executive, Shelter, in *The Guardian* (2013), 6 February

<sup>157</sup>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/205221/Statutory\\_Homelessness\\_Q1\\_2013\\_and\\_2012-13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/205221/Statutory_Homelessness_Q1_2013_and_2012-13.pdf)

<sup>158</sup> <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>

<sup>159</sup> Department for Communities & Local Government (2013) *Growth & Infrastructure Act*, London: TSO

<sup>160</sup> National Housing Federation (2013) *Bedroom Tax: Some home truths*

<sup>161</sup> Cave, S., Rehfisch, A., Smith, L. & Winter, G. (2013) *Comparison of the Planning Systems in the Four UK Countries*, Research Paper13/39, Inter-Parliamentary Research & Information Network

## 3.5. Family support and alternative care

### 3.5.1. Key challenges

The proportion of looked after children has increased in recent years. There were 67,050 looked after children at 31 March 2012, an increase of 13% compared to 31 March 2008.<sup>162</sup> The outcomes for looked after children are not good: they are 5 times more likely to have mental health problems; those aged 10 or over are twice as likely to be cautioned or convicted of an offence; less than 1 in 5 achieves five A\*-C grades at GCSE, compared to 70% of the general population; and those ceasing to be looked after are at substantially higher risk of being NEET, homeless, and having mental health problems.<sup>163</sup> Abuse and neglect are the major reasons for children being 'looked after', and poverty is associated with physical (but not sexual) abuse.<sup>164</sup> The Family Nurse Partnership gives intensive help in the early months to some at risk families.

### 3.5.2. Strengths and weaknesses of policies

Adoptions in England and Wales rose by nearly 10% between 2011 and 2012; the government has put more emphasis on adoption recently, and a social impact bond funding services for hard to place children was launched.<sup>165</sup> New guidance tries to ensure agencies work together better to protect children.<sup>166</sup> The Government is said to be planning to allow private firms to bid for contracts to manage social services for vulnerable children in England; some legal requirements would be removed. This follows piloting in six areas; an evaluation found mixed results but no better outcomes for looked after children.<sup>167</sup> There was criticism of England's care system as continuing to fail children, and calls for all forms of care to have equal priority;<sup>168</sup> and directors of children's services expressed concern about the care system for adolescents.<sup>169</sup> Social care is devolved and policies can vary.

## 3.6. Urgent priorities for change

The Government should reconsider the proposed tax-exempt child care scheme. If this sum is to be spent on child care, the 15 hours of free early years provision for 3- and 4- year-olds should be increased, and/or extended to more than 40% of 2-year-olds. The additional money for childcare help in UC could be used in a much simpler way;<sup>170</sup> but, as with the tax-exempt child care scheme, subsidies to the supply side are preferable.

The proposed transferable tax allowance for couples should be abandoned. Priority for children means this money should help in restoring child benefit levels and coverage.

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<sup>162</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/219210/sfr20-2012v2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/219210/sfr20-2012v2.pdf)

<sup>163</sup> Rees, G. & Stein, M. (2011) 'Children & young people in and leaving care', in Bradshaw, J. (ed.) *The well-being of children in the United Kingdom*, Third Edition, Bristol: The Policy Press

<sup>164</sup> Hooper, C-A. (2011) 'Child maltreatment' in Bradshaw, J. (ed.) *The well-being of children in the United Kingdom*, Third Edition, Bristol: The Policy Press

<sup>165</sup> *The Guardian* (2013), 21 August

<sup>166</sup> Department for Education (2013) *Working Together to Safeguard Children: A guide to inter-agency working to safeguard & promote the welfare of children*

<sup>167</sup> *The Guardian* (2013), 19 July

<sup>168</sup> The Care Inquiry (2013) *Making not Breaking: Building relationships for our most vulnerable children*

<sup>169</sup> Association of Directors of Children's Services (2013) *What Is Care For: Alternative Models of Care for Adolescents*

<sup>170</sup> See, for example, proposals from Citizens Advice (2013) *Childcare Costs in Universal Credit: A better way to allocate the additional money committed in the 2013 Budget*

## 4. Addressing child poverty and social exclusion in the European Semester

### 4.1. Europe 2020 and European semester

*Europe 2020: UK National Reform Programme 2013* is of limited relevance to poverty and social exclusion. It reports on the 5 recommendations of the June 2010 European Council, one of which is about poverty and social exclusion and two more of which are relevant. . It reports on the measures of progress in tackling child poverty under the Child Poverty Act (and the government says that it is still committed to the targets set out in this). It gives the data for a number of indicators and for the devolved administrations and lists actions to achieve objectives (p. 63) including UC, supporting lone parents into work, the Social Mobility and Child Poverty Commission and £450m for the 'troubled families' initiative.

The SSR 2013 questionnaire identified challenges including social inclusion, in particular child poverty (including, according to the Government, the problems of a relative income measure, and the cost of trying to tackle child poverty through benefits and tax credits); the complexity of the benefits system; and the existence of 'troubled families' (and their cost to the taxpayer).<sup>171</sup> This list of challenges seems inadequate in the face of the financial crisis, the impact of fiscal consolidation measures, high unemployment and significant poverty and inequality. The SSR questionnaire includes a statement in support of social investment, as applied to 'troubled families'. The refocusing of spending on these families might be seen by some instead as a form of spending to 'invest to save'. But the reference may instead be to social investment as a 'third pillar of finance for our crucial social ventures'.<sup>172</sup>

The Government refers to ensuring the effectiveness of the benefits system in enabling the transition into work. There is then a list of disparate policies, largely benefit cuts and changes, with no real attempt to relate these to the guidance given. The policies listed will have little or no impact on the UK's ability to reach the targets and achieve the objectives of the social inclusion OMC in relation to poverty and social exclusion, in our view, or indeed may go against these. The other sections of this report give reasons why this is our considered view, so we do not repeat them here.

As noted in our first 2013 report the NRP contains material from the devolved administrations, which are arguably more concerned with social inclusion than the UK government. Scotland's NRP, published separately, was more concerned with equity;<sup>173</sup> and the Welsh government action plan on poverty rejected 'trickle down'.<sup>174</sup>

### 4.2. Country specific recommendations (CSRs)

The 2012 CSRs for the UK are discussed in our first 2013 report. In 2013, the UK was urged to take further action to increase housing supply and make other improvements in housing provision; housing is clearly relevant to child poverty and is discussed in **3.4**. The Council also recommended that measures should be stepped up to address youth unemployment; we discuss youth unemployment above; but this is largely outside the scope of child poverty policies. Another relevant CSR concerns the reduction of childcare costs and the improvement of childcare quality and availability; see **3.1**. The UK was also urged to enhance efforts to support low-income households and reduce child poverty by ensuring that UC and other welfare reforms delivered a fair tax-benefit system with clearer work incentives and support services; we discuss

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<sup>171</sup> See Department for Communities & Local Government (2013) *The Fiscal Case for Working with Troubled Families: Analysis & evidence on the costs of troubled families to government*, London: DCLG

<sup>172</sup> See Cabinet Office (2011) *Growing the Social Investment Market: A vision and strategy* (p.7)

<sup>173</sup> Scottish Government (2013) *Europe 2020: Scottish National Reform Programme 2013*

<sup>174</sup> Welsh Government (2012) *Tackling Poverty: Action plan 2012-2016*

this above, noting how some welfare reforms are working against child poverty objectives.

### 4.3. Urgent priorities for change

Implementation of the Recommendation could be better integrated into the European semester by the UK government giving more attention to child poverty in its NRP, including setting a target for its reduction and monitoring its progress towards this. The more specific focus on social policies in whatever form (in 2013 the SSR questionnaire) could be used constructively to discuss key challenges and strategies to meet them, following the guidance given. Social investment should be understood in the broader sense of the Commission Recommendation, rather than just a specific financing mechanism. Next year's NRP should respond fully to the 2013 CSRs.

However, the NRP/SSR are unlikely to change fundamentally without a change of government priorities in relation to both its core policies (including its policy choices in relation to reducing the deficit) and its relationship with the EU. The first of these issues is discussed in the rest of this report; the second is part of a wider debate.

## 5. Mobilising relevant EU financial instruments

### 5.1. Introduction

The UK uses the European School Milk and Fruit schemes. It is unclear what is planned for the Fund for European Aid to the Most Deprived; but the Government believes this kind of help should be left to member states.<sup>175</sup> (Food banks are expanding in the UK, and under this Government Jobcentres are signposting benefit claimants to them.)

### 5.2. European Social Fund (ESF) 2007-13

We assessed the ESF in our report on active inclusion.<sup>176</sup> The Government used the ESF in part to augment resources for its 'troubled families' programme, with 150 Jobcentre workers engaged with local authorities trying to help parents into work.<sup>177</sup> In addition, the 'final [ESF] phase' supports voluntary Work Programme places for people on incapacity benefit/IS, and employment and skills support for offenders/ex-offenders in very hard to help groups. The evaluation of the England ESF 'against EU and national priorities' (9.18-9.28) mentions the EU poverty/social exclusion target, albeit with no explanation, and says numbers fell from 14.2m in 2010 to 14m in 2011.

In other documents there is no special focus on families, though there is a clear emphasis on activation, including for parents, and other reports had discussed how to provide better for unemployed women (including child care and financial support).<sup>178</sup> The evaluation of ESF priorities 1 and 4<sup>179</sup> was largely positive about operational arrangements, but DWP co-financed provision was a partial exception. Provision for families with multiple problems was functioning less well, with problems with payment by results and engagement, and providers finding it hard to meet contractual outputs; local authorities were also being restructured, and had their own programmes for such families. There were low numbers coming voluntarily on to the Work Programme, perhaps because of lower priority given to incapacity benefit/IS claimants and

<sup>175</sup> E.g. see subsidiarity assessment by EU Committee, 2012:

<http://www.publications.parliament.uk/pa/ld201213/ldselect/ldcom/87/8703.htm>

<sup>176</sup> Bradshaw, J., Bennett, F. & Sainsbury, R. (2013) *Assessment of the Implementation of the European Commission Recommendation on Active Inclusion: A Study of National Policies* (European Commission)

<sup>177</sup> Morris, S. (2012) *Evaluation of ESF/DWP Families with Multiple Problems/Troubled Families Initiative: A feasibility study*, Research Report 816, Department for Work and Pensions

<sup>178</sup> NIACE (2011) *Engaging Unemployed Women in ESF Funded Training: Successful approaches & case studies*, for Skills Funding Agency

<sup>179</sup> Atkinson, I. (2012) *Evaluation of European Social Fund: Priority 1 & priority 4 (employment & NEET) provision*, DWP Research Report 825, Leeds: Corporate Document Services

shrinking numbers of these. There was also difficulty in engaging women in some contexts (including a predominance of men in some groups, and local factors). The suggested solution was to provide for anyone with labour market disadvantages, rather than targeting specific groups. Evaluation of innovation, mainstreaming and transnationality in ESF schemes found engaging policy makers was harder with public sector 'stricture and restructuring'.<sup>180</sup>

Wales, Scotland and Northern Ireland have their own Structural Fund programmes - see, for example, a recent report from Scotland.<sup>181</sup>

### 5.3. European Social Fund 2014-20

For 2014-20, the 'EU Structural and Investment Funds Growth Programme' in England will be administered by Local Enterprise Partnerships (LEPs),<sup>182</sup> voluntary partnerships of businesses and local authorities, set up in 2011 to replace Regional Development Agencies, to drive local growth and job creation. This delegation of EU Structural Funds follows a recommendation from Lord Heseltine in his report on growth in 2012. It is hard to know yet how the funds will be spent, as LEPs must submit plans by 7 October to the new National Growth Board. One concern could be whether they will have enough focus on social priorities, and sufficient resources to manage the funds effectively. There is no topic on the LEP website on social inclusion explicitly, though several are relevant (e.g. skills/training). The website says: 'LEPs are evolving from the bottom up - free from central control and shaped according to local need.'

The Government's background analysis<sup>183</sup> has a sentence on the Europe2020 strategy to promote social inclusion. It refers to dealing with the causes of poverty, not just incomes; it mentions reducing child poverty and supporting children to complete their education, and lists other policies. There is more about the social justice strategy, focused on multiple disadvantage, than the child poverty strategy (only changing the measure (para. 9.9)). Tackling poverty is bracketed with 'welfare dependency' (para. 9.6). Welfare reform and cuts, proposals on child care, measures to help more lone parents into work and the 'troubled families' initiative are described.

An independent review of the European Structural Funds in Wales recommended a framework to help plan project selection and achieve greater synergies.<sup>184</sup> Participants thought continued investment in training/skills development was key, as well as combating poverty, tackling social exclusion and reducing unemployment, economic inactivity and NEETs. Though 'families' are mentioned, and there is support for an anti-poverty drive, the only focus on child poverty is educational underachievement. In Scotland, project bids for European Structural Fund spending for 2007-13 had to demonstrate how they incorporated social inclusion - including reducing inequalities between the least advantaged communities and the rest of society. A report found just under 1 in 4 ESF scheme participants (in Priority 1 projects) had children (equally divided between lone- and two-parent families).<sup>185</sup> The Scottish Government website has suggestions for future Structural Fund programmes.<sup>186</sup> In Northern Ireland consultation on the 2014-20 ESF was launched in July,<sup>187</sup> and includes the statement (para. 2.26): 'The Northern Ireland ESF Programme will support relevant policies in

<sup>180</sup> Dickinson, R. & Lloyd, R. (2012) *Evaluation of the European Social Fund Innovation, Transnational & Mainstreaming Projects*, DWP Research Report 817, Leeds: CDS

<sup>181</sup> Scottish Parliament European & External Relations Committee (2012), *EU Structural Funds*, 5th Report 2012, SP Paper 179, Scottish Parliament

<sup>182</sup> [www.lepnetwork.org.uk](http://www.lepnetwork.org.uk)

<sup>183</sup> HM Government (2013) *Framework of European Growth Programme Priorities: Background analysis*

<sup>184</sup> Guildford, G. (2013) *Investing in Growth & Jobs: An independent review of arrangements for implementation of European Structural Funds programmes 2014-20*, Welsh European Funding Office

<sup>185</sup> Hall Aitken (2012) *European Social Fund Participants Survey: Report*

<sup>186</sup> <http://www.scotland.gov.uk/Topics/Business-Industry/support/17404/AIRs>

<sup>187</sup> Department for Employment & Learning (2013) *Consultation on the Northern Ireland 2014-20 ESF Investment for Growth & Jobs Programme*

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the strategy to increase labour market participation and eliminate child poverty by helping to increase access to the labour market for parents.’

This would seem a good starting point for the future use of the ESF, as key challenges for child poverty in the UK include worklessness and in work poverty. Local labour markets and transport, as well as child care, are critical issues in particular for women. And many lone parents would welcome more help with education/training. But the availability of jobs, and adequate levels of pay, are also critical in this context.

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## Appendix 1: Recent employment statistics

The latest employment statistics<sup>188</sup> for April to June 2013 show:

- The employment rate for those aged from 16 to 64 was 71.5%, up 0.1 percentage points (ppts) from January to March 2013 and up 0.4 ppts from a year earlier.
- There were 29.78 million people in employment aged 16 and over, up 69,000 from January to March 2013 and up 301,000 from a year earlier.
- The unemployment rate was 7.8% of the economically active population, unchanged from January to March 2013 but down 0.2 percentage points from a year earlier. There were 2.51 million unemployed people, down 4,000 from January to March 2013 and down 49,000 from a year earlier.
- The inactivity rate for those aged from 16 to 64 was 22.3%, virtually unchanged from January to March 2013 but down 0.3 ppts from a year earlier. There were 8.99 million economically inactive people aged from 16 to 64, down 10,000 from January to March 2013 and down 105,000 from a year earlier.
- 909,000 people had been unemployed for over one year, up 7,000 from January to March 2013; and 474,000 people had been unemployed for over two years, up 10,000 from January to March 2013.
- There were 3.58 million 16 to 24 year olds in employment, down 92,000 from January to March 2013. There were 2.67 million economically inactive 16 to 24 year olds (74% of whom were in full-time education), up 63,000 from January to March 2013.

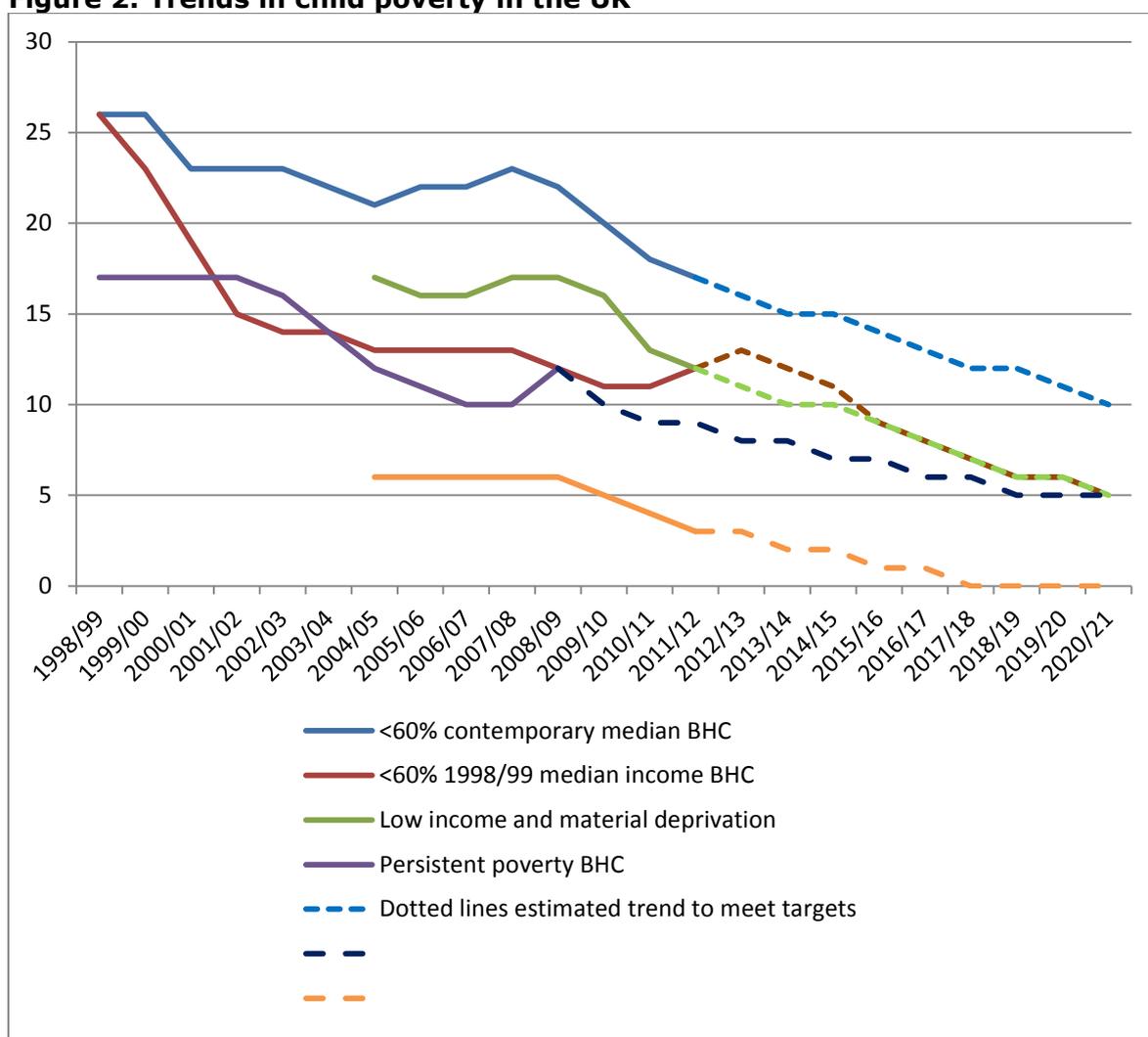
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<sup>188</sup> [http://www.ons.gov.uk/ons/dcp171778\\_319808.pdf](http://www.ons.gov.uk/ons/dcp171778_319808.pdf)

## Appendix 2: Child poverty and deprivation

Figure 2 shows what has been happening to the Child Poverty Act target measures up to the latest data available. There is no doubt that some of the reduction in relative child poverty since 2009/10 can be attributed to the fall in the 60% median income threshold. Between 2009/10 and 2011/12, median income fell by 5.8%. Some of the reduction in child poverty on the low income and material deprivation measure can also be attributed to this. Of course this is not necessarily a bad thing – it means that the incomes of those living in poverty are not falling behind as much as they did when the poverty threshold was increasing. However, a better indicator of short-term trends in poverty is the so-called absolute measure, fixed in 1998/99 median income terms. The number of children in poverty on this measure increased by 100,000 in 2011/12, and is expected to have increased again in the last year.

**Figure 2: Trends in child poverty in the UK**



Source: HBAI (2013)

The HBAI series only publishes material deprivation rates together with low income. In order to trace trends in material deprivation, we<sup>189</sup> undertook two analyses. The HBAI data sets contain a flag for those households with children meeting the 25% prevalence weighted deprivation threshold.

Table 2 shows that there is little evidence as yet of a trend of increasing deprivation.

**Table 2: Prevalence weighted deprivation**

Year	% households with children >25% deprivation
2006/07	23
2007/08	25
2008/09	23
2009/10	26
2010/11	25

Source: Own analysis of HBAI for each year

Prevalence weighted deprivation might be hiding clearer trends in individual deprivation items. So in Table 3 we have undertaken analysis of the Family Resources Survey (FRS) for each year. The first half of the table shows the proportion of children lacking each item because their families cannot afford them. Only 'holiday away from home' shows a serial trend upwards. The second half of the table shows the proportion of children lacking a number of items. Again, there is as yet no serial trend evident.

**Table 3: Child deprivation items % lacking**

	2006-7 %	2007-8 %	2008-9 %	2009-10 %	2010-11 %
Outdoor space / facilities to play safely	15.2	14.5	12.9	10.8	9.4
Enough bedrooms for every child 10 years or over and of a different gender	15.4	15.9	16.0	17.2	14.4
Celebrations on special occasion	3.8	3.9	3.3	3.4	2.7
Leisure equipment such as sports equipment or a bicycle	6.4	7.2	7.2	7.2	6.4
At least one week's holiday away from home with family	31.6	31.4	34.8	36.4	36.4
Hobby or leisure activity	6.2	6.4	6.9	7.1	5.7
Swimming at least once a month	10.1	10.6	11.0	10.9	11.0
Have friends round for tea or a snack once a fortnight	6.8	7.3	8.4	8.2	6.8
Go on school trip at least once a term	6.3	5.2	5.5	6.2	4.5
Go to a playgroup at least once a week	5.9	7.8	6.2	6.4	4.9
Lacking	2006-7 %	2007-8 %	2008-9 %	2009-10 %	2010-11 %
None	57.6	58.0	55.9	54.9	56.1
One	21.2	19.7	21.5	22.4	23.2
Two	10.0	10.7	10.5	10.6	9.7
Three	4.6	5.2	5.3	5.3	5.4
Four	2.6	2.3	2.8	3.1	2.6

<sup>189</sup> Bradshaw, J. & Main, G. (2013) 'The impact of the recession on child poverty in the UK', PSE blog. <http://www.poverty.ac.uk/editorial/impact-recession-child-poverty-uk>

Five	1.7	1.7	1.8	1.9	1.6
Six	1.2	1.1	1.2	.7	.8
Seven	.7	.7	.6	.6	.6
Eight	.4	.5	.3	.4	.1
Nine	.1	.1	.1	.0	.0
Ten	.0	.0	.0	.0	.0

Source: Own analysis of the Family Resources Survey

The items in Table 4 were all identified as necessities that children should not do without by at least 50% of a sample of the population in the 2012 Poverty and Social Exclusion Survey.<sup>190</sup> The Table shows that, for example, 11% lack (because they cannot afford it) enough bedrooms for every child of 10 or over of a different sex, 32% lack money to save, 16% pocket money, 20% day trips and 26% a holiday away from home for at least one week a year.

**Table 4: % children lacking socially perceived necessities (Poverty and Social Exclusion Survey 2012)**

	Have	Do not have, does not want	Do not have, can't afford
A warm winter coat (coat)	98	1	1
Fresh fruit or vegetables at least once a day (veg)	95	2	3
Three meals a day (3 meals)	97	2	1
New, properly fitting, shoes (shoes)	94	2	4
A garden or outdoor space nearby where they can play safely (garden)	92	2	5
Books at home suitable for their ages (books)	97	1	2
Meat, fish or vegetarian equivalent at least once a day (meat)	94	1	3
A suitable place to study or do homework (study)	92	2	5
Indoor games suitable for their ages (games)	95	2	2
Enough bedrooms for every child of 10 or over of a different sex to have their own bedroom (bedroom)	84	4	11
Computer and internet for homework (computer)	90	2	6
Some new, not second hand, clothes (clothes)	94	1	4
Outdoor leisure equipment (leisure)*	82	11	6
At least four pairs of trousers, leggings, jeans or jogging bottoms (trousers)	93	1	5
Money to save (save)	61	6	32
Pocket money (money)	69	13	16
Construction toys (toys)	70	23	4
Celebrations on special occasions (celebrations)	97	1	2
A hobby or leisure activity (hobby)	86	5	6
Toddler group or nursery or play group at least once a week for pre-school aged children (nursery)	73	13	4
Children's clubs or activities such as drama or football training (clubs)	71	11	9
Day trips with family once a month (family trip)	67	8	20
Going on a school trip at least once a term (school trip)	79	5	8
A holiday away from home for at least one week a year (holiday)	64	6	26

Source: Bradshaw, J and Main, G. (2013) *Child poverty and deprivation 2012*, PSE Working Paper (forthcoming)

Table 5 shows that the risk of poverty is much higher for children in workless households; those headed by a lone parent; in large families; and in non-white

<sup>190</sup> <http://www.poverty.ac.uk/>

households. However, the majority of poor children live in households with an adult employed; in couple families; in small families; and in white households. The most striking new characteristic of child poverty is the increase in the proportion of children who live in families with an employed adult. This proportion has increased from 57% in 2007/8 to 68% in 2011/12.

**Table 5: UK Child poverty composition and risk/rate <60% median threshold HBAI 2011/12**

	Composition		Rate/Risk	
	BHC	AHC	BHC	AHC
<b>Economic status of the family</b>				
At least one adult in work	66	63	13	20
Workless families	34	37	40	67
<b>Economic status of the family and family type</b>				
Lone parent:	29	36	22	43
In full-time work	3	4	8	17
In part-time work	6	7	17	31
Not working	20	25	34	65
Couple with children:	71	64	16	22
Self-employed	16	13	23	29
Both in full-time work	4	3	4	5
One in full-time work, one in part-time work	8	8	6	10
One in full-time work, one not working	19	18	20	30
One or more in part-time work	11	11	39	59
Both not in work	14	12	54	69
<b>Economic status of household</b>				
All adults in work	24	26	7	12
At least one adult in work, but not all	44	40	28	39
Workless households	32	35	40	68
<b>Number of children in family</b>				
One child	25	27	15	25
Two children	39	40	15	24
Three or more children	36	33	25	36
<b>Ethnic group of head (3-year average)</b>				
White	75	76	16	25
Mixed / Multiple ethnic groups	2	2	27	49
Asian/ Asian British	16	13	35	46
Indian	4	4	24	33
Pakistani	7	5	48	55

Bangladeshi	2	2	42	55
Chinese	1	1	29	43
Any other Asian background	2	2	29	49
Black/ African/ Caribbean/ Black British	5	6	25	44
Other ethnic group	2	2	30	48
<b>All children</b>	100	100	17	27

Source: DWP (2013) *Households Below Average Income*  
<https://www.gov.uk/government/publications/households-below-average-income-hbai-1994/95-to-2011/12>

Table 6 shows that couples with children and lone parents who work full time on the minimum wage are a long way short of reaching the MIS budget and the same families on out of work benefits have incomes just over half of that required to meet the MIS budget.

**Table 6: Adequacy of in-work and out-of work incomes compared to the Minimum Income Standard April 2013**

	Couple plus two children	Lone parent plus one child
Weekly budget excluding rent/child care	£471.16	£284.57
Annual earnings requirement (adult/s working full time)	£387.59	£255.86
Disposable income as % of MIS on minimum wage	84%	87%
Disposable income as % of MIS on Income Support	58%	57%

Source: <http://www.jrf.org.uk/sites/files/jrf/income-living-standards-summary.pdf>

## Appendix 3: Recent and forthcoming welfare reforms and benefit cuts

- The benefit cap, which began to operate fully in July 2013, restricts the amount of benefit that can be claimed to £500 per week for couples and lone parents (and £350 for others), with some exemptions. It is expected to hit large families with children with high housing costs in particular. Around 40,000 households will have their benefits reduced by the policy in 2013/14, according to the latest official estimate (as at December 2012). The mean reduction in benefit for households affected by the cap is estimated to be around £93 per week (median reduction £62 per week). The reduction for around 33% of households will be more than £100 per week, whilst 43% will have their benefit reduced by less than £50 per week.<sup>191</sup> The Government points to the existence of high levels of public support for the general principle of the benefit cap.
- The so-called 'bedroom tax' began to operate from April 2013 (known by the Government as 'abolition of the spare room subsidy'). It reduces the housing benefit payable to social tenants who occupy dwellings with one or more 'spare' bedrooms. The Government's impact assessment shows that those affected will lose an average of £14 per week. Housing association tenants are expected to lose £16 per week on average. The scheme will affect an estimated 660,000 working-age social tenants – 31% of existing working-age housing benefit claimants in the social sector.<sup>192</sup> The majority of these people have only one extra bedroom. The Government was taken to court on human rights grounds by tenants with disabled people in their families who could not share bedrooms, but the case did not succeed. There is concern about the impact of both the benefit cap and the 'bedroom tax' in terms of families with children being forced to move and therefore leave behind social networks, with children having to move schools and health care provision.<sup>193</sup>
- Council tax benefit was abolished as a national cash benefit from April 2013.<sup>194</sup> Although local authorities were given powers to administer a benefit scheme, the budget was cut by 10% and they were required to protect all pensioners and certain other groups against any losses. The result is that many low-income families with children are having to pay (more) council tax for the first time. One study<sup>195</sup> by the Joseph Rowntree Foundation found that changes to council tax benefits will affect poorer households and create inconsistencies in neighbouring areas. Unlike under the community charge ('poll tax'), benefit levels have not been increased to give average compensation for the losers.
- Crisis loans for emergencies and community care grants (elements of the discretionary Social Fund) have been abolished, and replaced by local welfare provision from local authorities - which are setting up a myriad of schemes, without a ring-fenced budget. Most local provision will not include loans; much

<sup>191</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220153/eia-benefit-cap-wr2011.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220153/eia-benefit-cap-wr2011.pdf)

<sup>192</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220154/eia-social-sector-housing-under-occupation-wr2011.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220154/eia-social-sector-housing-under-occupation-wr2011.pdf) . (The restriction on housing benefit payable already applies to private tenants.)

<sup>193</sup> See, e.g., Toynbee, P., *The Guardian* (2013), 16 July

<sup>194</sup> Northern Ireland continues with domestic rate rebates

<sup>195</sup> Bushe, S., Kenway, P. & Aldridge, A. (2013) *The Impact of Localising Council Tax Benefit*: <http://www.jrf.org.uk/publications/impact-localising-council-tax-benefit>. In 2013/14, 18% of councils will retain 2012/13 levels of CTB and 71% will require all working-age adults to pay at least some council tax, regardless of income. 11% will make some changes but not affecting all CTB recipients. Some 2.4m low-income families will pay on average £138 more in council tax in 2013/14. 78% of those affected currently pay no council tax. Councils will have to start collecting, on average, £140/year from these households. It is unclear how economical this will be. 2m working-age CTB claimants are in poverty, and a further ½ million just above it. An increase in council tax would leave them with even less disposable income.

help will only be given in kind; and the schemes have been described as a 'post code lottery'.<sup>196</sup> But some Jobcentres seem to be referring claimants to this local provision instead of giving them advances on their benefit payments, which still exist as part of national benefit provision.<sup>197</sup> Wales and Scotland have taken this on centrally, and Scotland increased the budget to compensate for recent reductions.<sup>198</sup> Northern Ireland administered the Social Fund already.

- At the same time, the reassessment of those claiming Incapacity Benefits for the purposes of moving them on to Employment and Support Allowance (or not) is proceeding, run by the contractor ATOS. This process has been subject to very considerable criticism, with 30% of appeals against the initial decision resulting in their overturning. On 22 July 2013, the employment minister, Mark Hoban MP, announced that the DWP is to bring in additional providers alongside Atos Healthcare to administer the work capability assessment (WCA) for disability benefits claimants, after a government review admitted that reports by Atos assessors were of unacceptably poor quality.<sup>199</sup>
- Now Personal Independence Payments (PIP) are being rolled out nationally to replace Disability Living Allowance, which helps disabled claimants of working age with the additional costs of care and/or mobility needs. This policy is deliberately designed to save £2.2 billion, or 20% of the current budget, and is likely to result in those on the lower rates of DLA losing benefit. This also has a knock-on effect on the number of carers qualifying for Carer's Allowance.
- In the 2013 Spending Review, the Chancellor announced that a 'welfare spending cap' on AME (annually managed expenditure) would be introduced from 2014. This could result in disastrous cuts in working-age benefits in particular (pensions are excluded, though not all pensioner benefits). Only minimal allowance is made for cyclical changes in benefit spending, and therefore to any automatic stabiliser effect of benefits. Commentators viewed this in part as a test for the Labour Opposition - which announced its own plans for a social security spending cap, albeit pitched in a way that emphasised the need for other policies to reduce the need for compensatory benefit spending.
- We are on the cusp of the introduction of Universal Credit (UC), arguably the biggest change to the British social security system since Beveridge (merging means-tested benefits and tax credits for those in and out of work). It was originally intended that it would be introduced on a phased implementation basis in four areas of the North West, but it has only just been extended to a second area - and only for new childless single claimants of Jobseekers Allowance without other complications in their circumstances. There continue to be rumours in the press of serious computer flaws and other problems, and considerable anxieties about whether it can be made to operate effectively.<sup>200</sup> But at the time of writing, the government is still insisting that it will be rolled out 'nationally' from October 2013 (albeit in a phased way over four years to 2017, and starting with the same category of claimants and in only 6 more Jobcentres from October). The Social Security Advisory Committee<sup>201</sup> has produced a report on the risks and vulnerabilities involved (many of which we have written about in our previous reports), including: on-line claims ('digital by design'), the claimant commitment (which will be applied to both partners in

<sup>196</sup> Gibbons, D. (2013) *Local Welfare Provision, Low-income Households, & Third Sector Financial Services Provision*, London: Centre for Responsible Credit

<sup>197</sup> Cooper, N. & Dumbleton, S. (2013) *Walking the Breadline: The scandal of food poverty in 21<sup>st</sup> century Britain*, Church Action on Poverty & Oxfam

<sup>198</sup> Scottish Government (2012), press release 21 October

<sup>199</sup> <http://www.guardian.co.uk/society/2013/jul/22/disabled-benefits-claimants-test-atos>

<sup>200</sup> The latest report to put forward this view is Judge, L. (2013) *Will Universal Credit Work?*, London: Trades Union Congress & Child Poverty Action Group

<sup>201</sup> Social Security Advisory Committee (2013) *The Implementation of Universal Credit & the Support Needs of Claimants: A study by the SSAC*, Occasional paper 10, London: SSAC

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joint claims from couples, and will be introduced nationally from October in advance of UC itself), monthly assessment and payment, 'real time information' about earnings from employers, the minimum income floor for self-employed claimants and the future of passported benefits once the benefits/tax credits that trigger them no longer exist. On the latter issue, the intention in the short term is to replicate the existing arrangements for passporting. However, this is going to preserve the current cliff edges when, for example, claimants are no longer eligible for free school meals, and this risks undermining one of the main principles of the reform – to smooth the incentive structure in moving into employment. Scotland has passed an Act to try to limit the impact of UK-wide reforms, including universal credit.<sup>202</sup>

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<sup>202</sup> Scottish Parliament (2012) *Welfare Reform (Further Provision) (Scotland) Act 2012*, TSO

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## Appendix 4: Recent improvements in educational attainment and participation<sup>203</sup>

- The proportion of 19 year olds obtaining at least Level 2 or equivalent has been increasing.
- The proportion of 16 to 18 year olds remaining in education and training has been increasing.
- The percentage of the school population being excluded has declined.
- The proportion of young people aged 16-18 who were NEET reached a peak in 2005 (though see below).
- There is even evidence that children have been enjoying school more in recent years.<sup>204</sup>

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<sup>203</sup> Keung, A. (2013) 'Education' in Bradshaw, J. (ed) *The well-being of children in the United Kingdom*, Third Edition, Bristol: The Policy Press

<sup>204</sup> Bradshaw, J. & Keung, A. (2011) 'Trends in child subjective well-being in the UK', *Journal of Children's Services*, 6, 1, 4-17

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## Appendix 5: Recent improvements in health in the UK<sup>205</sup>

- There has been a long-term downward trend in infant and child mortality.
- The social class gap in infant mortality was falling, but has been growing again since 1996-98.
- Immunisation rates have been recovering after the MMR scare; but there have been epidemics of measles in 2013.
- Breast feeding rates have improved.
- Deaths and serious injuries on the roads have continued to decline.
- Health behaviour has been improving. Smoking, drinking and drug taking are all down and physical exercise is up. The exception is early sexual activity, although teenage conceptions have declined slightly.
- The upwards trend in sexually transmitted diseases may be levelling off.
- There is tentative evidence that obesity rates may be falling.
- Self-assessed health has been improving.
- Subjective well-being has improved since 1994 and girls have closed the gaps with boys.
- The level of mental illness among children and young people in the UK peaked in the 1980s and 1990s but then showed signs of levelling off by mid-2000.
- The prevalence of emotional disorders among boys has declined.
- Youth suicides and undetermined deaths declined in the 2000s.

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<sup>205</sup> Bradshaw, J. & Bloor, K. (2011) 'Physical health', in Bradshaw, J. (ed.) *The well-being of children in the United Kingdom*, Third Edition, Bristol: The Policy Press

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## Appendix 6 : Links between health and poverty<sup>206</sup>

The impact of poverty on health during the antenatal period, birth and infancy is profound. The period of foetal development and early childhood have great significance for later health, cognitive development, educational attainment and thus also employment and earnings potential (though there should be scepticism about the completely deterministic position taken by some). There is evidence that poverty is associated with lower rates of breast feeding, earlier births, low birth-weight, higher rates of mortality and morbidity and maternal depression. These have knock-on effects in childhood health, with poverty associated with school absences due to infectious illnesses, obesity, anaemia, diabetes, asthma, poor dental health, higher rates of accidents and accidental deaths, and physical abuse. Children living in poverty also have less access to health services. Poverty is associated with poor and overcrowded housing conditions with poor health outcomes. Poverty is also associated with poor health behaviours, especially higher rates of maternal smoking. It is also strongly associated with poor mental health. These health experiences in childhood lead to poor health outcomes in adulthood and old age, including worst cardiovascular health, diabetes and heart disease.

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<sup>206</sup> Griggs, J. & Walker, R. (2008) *The costs of child poverty for individuals and society: a literature review*, Joseph Rowntree Foundation; <http://www.jrf.org.uk/sites/files/jrf/2301-child-poverty-costs.pdf>; Apouey, B. & Geoffard, P.-Y. (2013) 'Family income & child health in the UK', *Journal of Health Economics* 32(4)

