

Child poverty briefing paper

WHY DOES CHILD POVERTY MATTER?

Lack of material goods

Children living in poverty are more likely to lack material things which we consider necessary to a happy childhood, while seeing those around them enjoying these benefits. They may suffer from stigma or bullying from their peers as a direct result of this lack. For example, in the 2005 Families and Children survey:¹

- 9 per cent of lone parents and 2 per cent of couples said that they could not afford two pairs of shoes for each child.
- 53 per cent of lone parents and 19 per cent of couples said that they could not afford one-week holidays
- 37 per cent of lone parents and 10 per cent of couples said that they could not afford money for trips/outings/gifts to parties

Environmental effects

Poor children living in more affluent neighbourhoods may suffer more from the stigma of poverty and have fewer affordable opportunities for things to do.² Children living in deprived neighbourhoods may suffer more from a poor quality environment. For example in an FPI survey carried out by YouGov, income was strongly correlated with access to a pleasant green space and feeling safe after dark.³ Poor housing can have a direct impact on children's health and educational achievement.

Family functioning

Poverty creates family stress and saps family energy. Almost two-fifths (38 per cent) of lone parents working less than 16 hours a week stated they were worried about money 'almost all the time'.⁴ Couples with arrears on bills have also been found to be more likely to separate.⁵

Many other problems are linked to poverty by both cause and effect, such as mental health, disability, addiction and domestic abuse. Clearly all these have a major impact on the children in the family.

Future wellbeing

The socio-economic background children come from has a significant effect on their wellbeing as an adult. One study showed that the child of a professional had a 1 in 20 chance of suffering from multiple deprivation age 30 (measured as having at least 8 factors linked with poverty, low emotional wellbeing or ill-health), compared to 1 in 5 for a bus driver's child and over 1 in 4 for the child of an unskilled father.⁶ These figures are for children born in 1970, but social mobility does not seem to have increased since then.

HOW DOES GROWING UP IN POVERTY AFFECT CHILDREN'S LIFE CHANCES?

As described above, there are many ways in which childhood poverty can have an impact which is carried into adulthood. There is no certainty as to which of these are the most

important as individuals' situations vary widely. A distinction can be made between factors which affect the child directly and those which operate through the impact of poverty on parenting.

Poverty, and its associated problems, causes some parents to be more stressed, depressed or irritable and this can damage the parent-child relationship, so that poverty has an indirect negative impact on the child. At the same time, there is no clear-cut causal link between poverty and poor parenting, as different individuals respond in different ways to financial hardship.⁷ 'Good parenting' may also protect a child from the negative impact of poverty.

Early child development

Work by Leon Feinstein shows how children from higher socio-economic background that scored poorly on early cognitive tests quickly overtake their poorer peers who initially scored better on these tests.⁸

However, children whose mothers provide more stimulating environments and teaching behaviours in their home also have more positive developmental outcomes, regardless of their family income and education level.⁹ This suggests that direct work with parents may help their children.

Education

In the educational system, poor children find themselves competing with children from middle class families, with a culture where:

- reading is introduced at an early age
- children and parents more easily fit in with school culture
- there are high aspirations and expectations
- the resources are there to deal with any problems that occur

In contrast, poorer parents may be more likely to have negative views of formal schooling because they had bad experiences themselves.

Factors outside the family

These include:

- the psychological impact of poverty on self esteem through stigma or bullying
- the effect of peers in a neighbourhood where respect is gained through anti-social and risky behaviour
- the ability of the school to raise the child's achievement.
- access to out-of-school activities

HOW IS POVERTY MEASURED?

There are three main ways in which poverty rates can be measured:

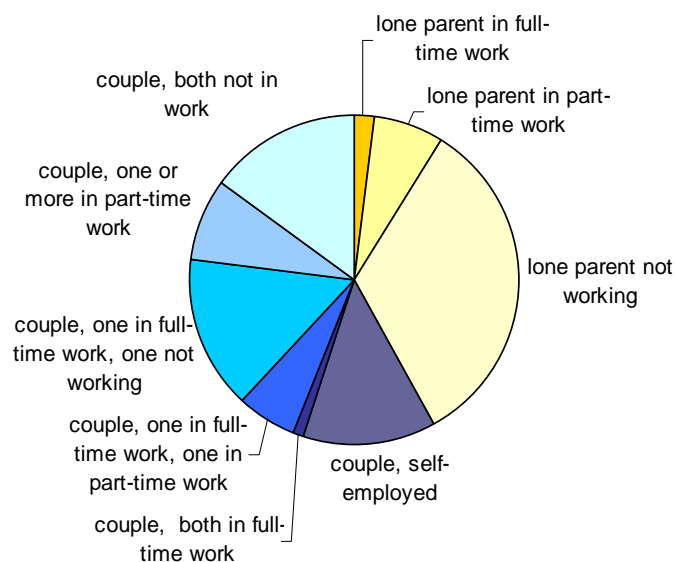
- income measured relative to a fixed line (adjusted for inflation where necessary);
- income measured relative to the rest of the population; and
- material deprivation, i.e. what perceived necessities the family cannot afford.

The standard 'poverty line' uses the second of these. Households are said to be in poverty if they earn less than 60 per cent of the median household income. This can be measured either before housing costs (BHC) or after housing costs (AHC).

WHICH CHILDREN ARE LIVING IN POVERTY?

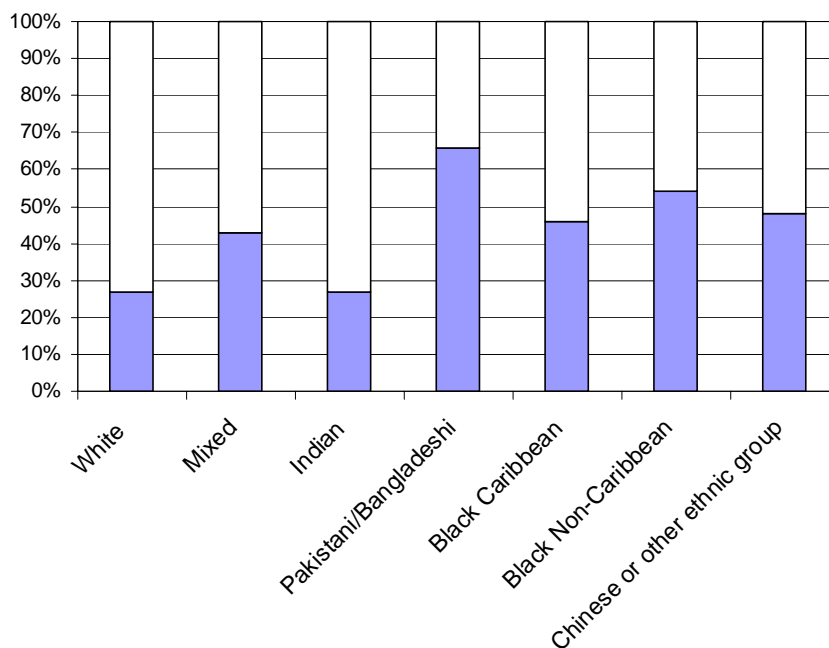
(data from Households below Average Income statistics 2005/06)¹⁰

Children in poverty, after housing costs (2005/06)



- A fifth (20 per cent) of children in poverty come from households with at least one disabled adult, and for three-quarters of these, disability benefits are not being claimed.
- The risk of falling into poverty varies dramatically by ethnic group (see below). A quarter of children in poverty are from ethnic minorities.
- The risk of poverty increases with the number of children in the family (47 per cent of children in families with four or more children live in poverty).

Risk of living in poverty (AHC) by ethnic group



WHAT IS THE GOVERNMENT DOING TO TACKLE CHILD POVERTY?

In 1999, Tony Blair announced that the government would halve child poverty by 2010 and eliminate it by 2020. Two major aspects of the government’s strategy have been tax credits and the national minimum wage, introduced in 1999. There have also been attempts to reduce the link between poverty in childhood and life chances with measures such as Sure Start and Children’s Centres.

WHAT ARE THE TRENDS IN CHILD POVERTY?

Child poverty in the UK rose dramatically during the 1980s. Since 1997 it has been falling, but the latest figures actually showed a slight increase in the proportion of children living in poverty.

HOW IS THE UK DOING COMPARED TO OTHER COUNTRIES?

High levels of income inequality in the UK mean that, apart from the United States we have the highest levels of relative child poverty of all OECD countries.¹¹ When looking at measures of material deprivation, the UK does much better.

ARE COUPLE FAMILIES AT A DISADVANTAGE IN THE TAX AND BENEFITS SYSTEM?

The table below shows that children of lone parents who are not working have no better chance of escaping poverty (if you measure after housing costs) than children of a couple where neither are in work. Both types of household have only a one in four chance of not being in poverty.

Percentage of children	Source: FRS 2005/06						All children (millions)
	Before Housing Costs			After Housing Costs			
	Income Thresholds - Below Median						
	50%	60%	70%	50%	60%	70%	
Economic status and family type							
Lone parent:	15	35	54	32	50	61	3.2
<i>of which</i>							
in full-time work	3	7	14	8	14	21	0.7
in part-time work	7	17	38	16	30	46	0.9
not working	24	56	78	50	75	84	1.7
Couple with children:	10	18	26	15	23	31	9.6
<i>of which</i>							
self-employed	18	28	35	26	33	40	1.5
both in full-time work	1	1	2	1	2	5	1.5
one in full-time work, one in part-time work	2	4	9	4	7	13	3.0
one in full-time work, one not working	7	17	32	14	26	39	2.2
one or more in part-time work	27	44	59	38	53	64	0.6
both not in work	41	64	80	54	74	85	0.8

(data from Households below Average Income statistics 2005/06)¹²

Children of lone parents who are working full-time have a 14 per cent risk of being in poverty, compared to a couple where both are in full time work (2 per cent) or one in full-time and one in part-time work (7 per cent).

So although benefits and tax credits may appear to be more generous to lone parents this has to be set against the higher costs that lone parents face in a one-adult household. It does not appear from these figures that lone parents face an unfair advantage in the tax and benefit system.

HOW FAR SHOULD THE GOVERNMENT GO IN 'MAKING PEOPLE WORK'?

- The figures in the table above show that paid employment significantly reduces the risk of living in poverty. However...
- In-work poverty is a serious problem. A quarter of those below the poverty threshold (AHC) (and a quarter BHC) live in households where all adults are in work.¹³ To have a positive effect on children, their parents' work has to pay financially and there needs to be high quality childcare available.
- Reviews of back-to-work support for lone parents suggest that the pendulum may have swung too far towards 'work first' and away from training and that this leads to jobs with few prospects and high rates of job exit.¹⁴
- We also need to be realistic about the barriers people face, for example those in areas with few jobs, or who have a history of mental health conditions, whom many employers are reluctant to take on.
- It is not unreasonable for parents (currently in practice usually mothers) of young children to spend a period out of work. There needs to be an emphasis on reducing the drop in pay and prospects that they face on returning to work, and the negative impact of part-time work. The gender pay gap that women face is a contributor to child poverty.

WHERE SHOULD THE GOVERNMENT BE INVESTING MONEY TO BEST TACKLE CHILD POVERTY?

A balanced approach between benefits and wages is needed.

- One study estimated that additional new spending of around £4 billion a year (on the per-child element of the child tax credit) by 2010-11 is needed for the government to have a 50:50 chance of halving child poverty by that time.¹⁵
- Tackling poverty requires a balanced approach that includes tax credits, benefits and wage levels as well as getting more parents into work.
- If adult benefits are at a low level, and not increased in line with wages, this it makes it much harder for child-focused measures to be effective.
- Wages are difficult for government to tackle as there is a cultural acceptance in the UK of a high degree of inequality and low wages, in particular low pay for traditionally female work and part-time work. Levers available include the minimum wage, and wage-setting for employees and contractors in the public sector.
- Increasing child benefit to the same level for the second and subsequent children is one way of tackling poverty in larger families without the problems associated with tax credits.

Low aspirations are often (correctly) highlighted as part of the problem, for example where families have been workless for several generations. But it is unrealistic simply to tell people to raise their aspirations without removing the barriers they face.

- Services are needed that are able to give lot of practical, personal support in taking the first steps towards qualifications and/or regular employment, where people may have very low confidence.
- Low aspirations on the part of services are a problem, for example where a children's centre focuses on getting women into low-paid childminding jobs, or the New Deal only pays for low-level qualifications. This 'glass ceiling' should be removed.
- Funding for adult learning (including childcare) is crucial.
- Schools need to focus on: re-engaging children who are struggling with education, before they become disillusioned; helping children gain the non-cognitive skills they need to succeed in life; and enabling parents to become involved in their children's learning at home from an early age. Some of this may be best done outside school through other organisations providing out-of-school activities, family learning etc.

The government also has a responsibility to ensure that those in households on a low income are not disadvantaged further by the quality of public services they can access. High quality childcare and early education, schools and healthcare must be available to all, as well as good social housing for families that need it.

One barrier to doing more to end child poverty is the very low public awareness of the existence of poverty in this country.¹⁶ It is perhaps unrealistic to expect government to justify spending on benefits by educating public opinion about poverty. It is therefore down to campaigning organisations and the media to meet this challenge.

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