



**CHILD
POVERTY
ACTION
GROUP**

Association of directors of childrens services - ADCS - conference

6 July 2017

Child poverty and welfare reform - The story so far

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The logo features a magenta trapezoidal shape at the top containing the text 'CHILD POVERTY ACTION GROUP'. Below this is a large, thin magenta '50' with the word 'Years' in a smaller, thin magenta font underneath it.

CHILD
POVERTY
ACTION
GROUP

50

Years

Child Poverty Action Group

Who are we?

- Founded 1965
- Founder members credited with rediscovery of poverty in 1960s
- Campaigning to prevent and end child poverty
- Won Child Benefit
- Experts' expert in social security law
- Instigated UK welfare rights movement
- Significant strategic litigation history – test cases
- Won Child Poverty Act with partners
- Host of End Child Poverty Campaign
- Offices in London and Glasgow
- 50 years - history book

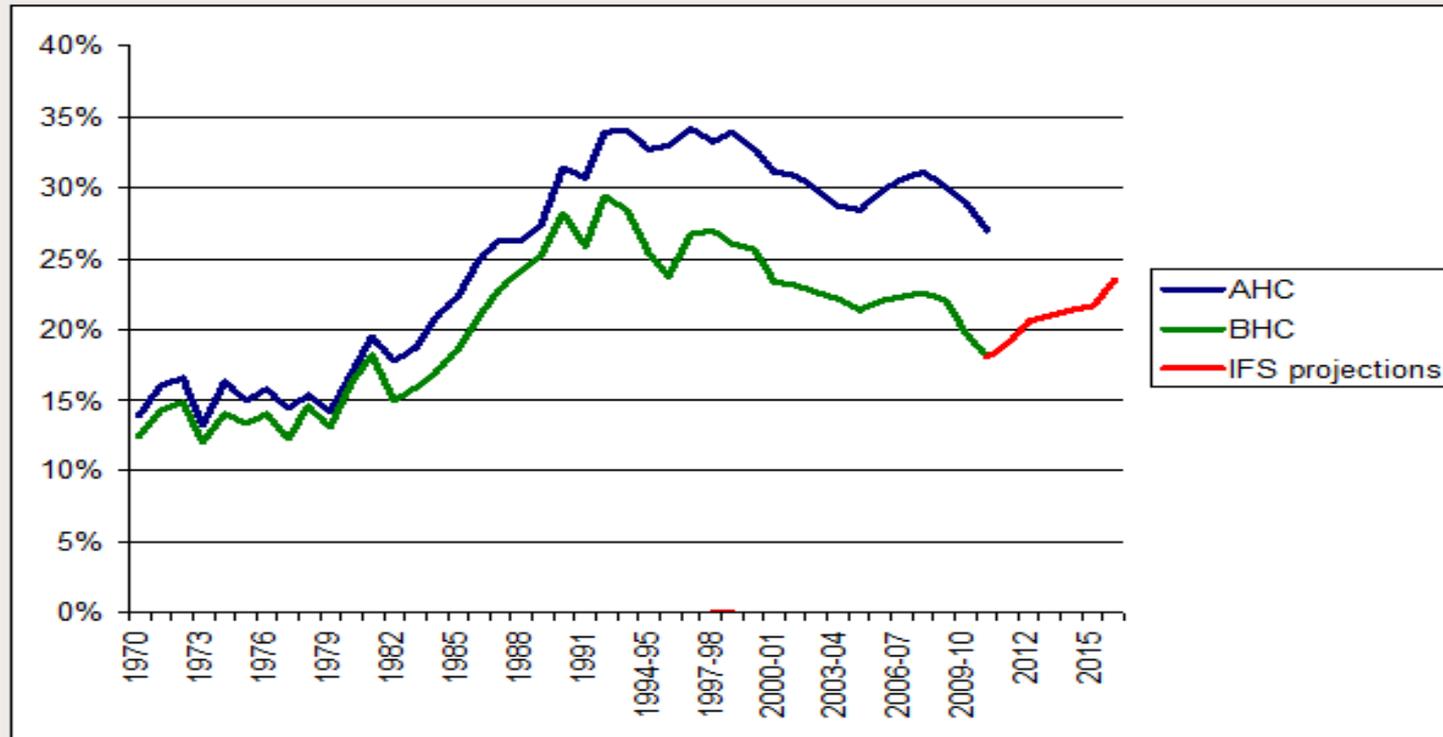
It doesn't have to be like this

- 1 in 4 children in the UK are growing up in poverty
- It doesn't have to be like this
 - that's 9 children in every class of 30
 - 11 in 30 if IFS projections come to pass
- CPAG works to prevent and end child poverty – for good
- Our vision is of a society free of child poverty, where all children can enjoy a childhood free of financial hardship and have a fair chance in life to reach their full potential
- But child poverty steals away children's life chances – it leads to an education, health and wellbeing divide between our children
- Child poverty is not inevitable

How has child poverty changed over the years?

The story so far

Child poverty - historical trend since 1970



Child poverty is policy responsive

- 1.1m children lifted out of poverty by 2010 – half way to 10%
- Largest reductions in child poverty in OECD between mid-1990s and 2008 (Bradshaw 2012)
- Child wellbeing improved on 36 out of 48 indicators between 1997 – 2010 (Bradshaw, 2012)
- Deprivation levels fell as did money worries (FACS)
- Extra money led to increased spending on fruit and vegetables, children's clothes and books – spending on alcohol and cigarettes fell (Stewart, 2012)

Targets, progress and projections UK

Sources: DWP (2017) HBAI 1994/95-2015/16; IFS (2017) Living standards, poverty and inequality in the UK: 2016/17 to 2021/22, London: IFS

	Before housing costs	After housing costs
Baseline year 98/99	3.4 million (26%)	4.4 million (34%)
10-year actual 2010/11	2.3 million (18%)	3.6 million (27%)
IFS estimate 20/21	3.6 million (26%)	5 million (31%)
Gov't target 20/21 (Based on 10/11 population)	1.3 million (10%)	n/a

Compared with the EU

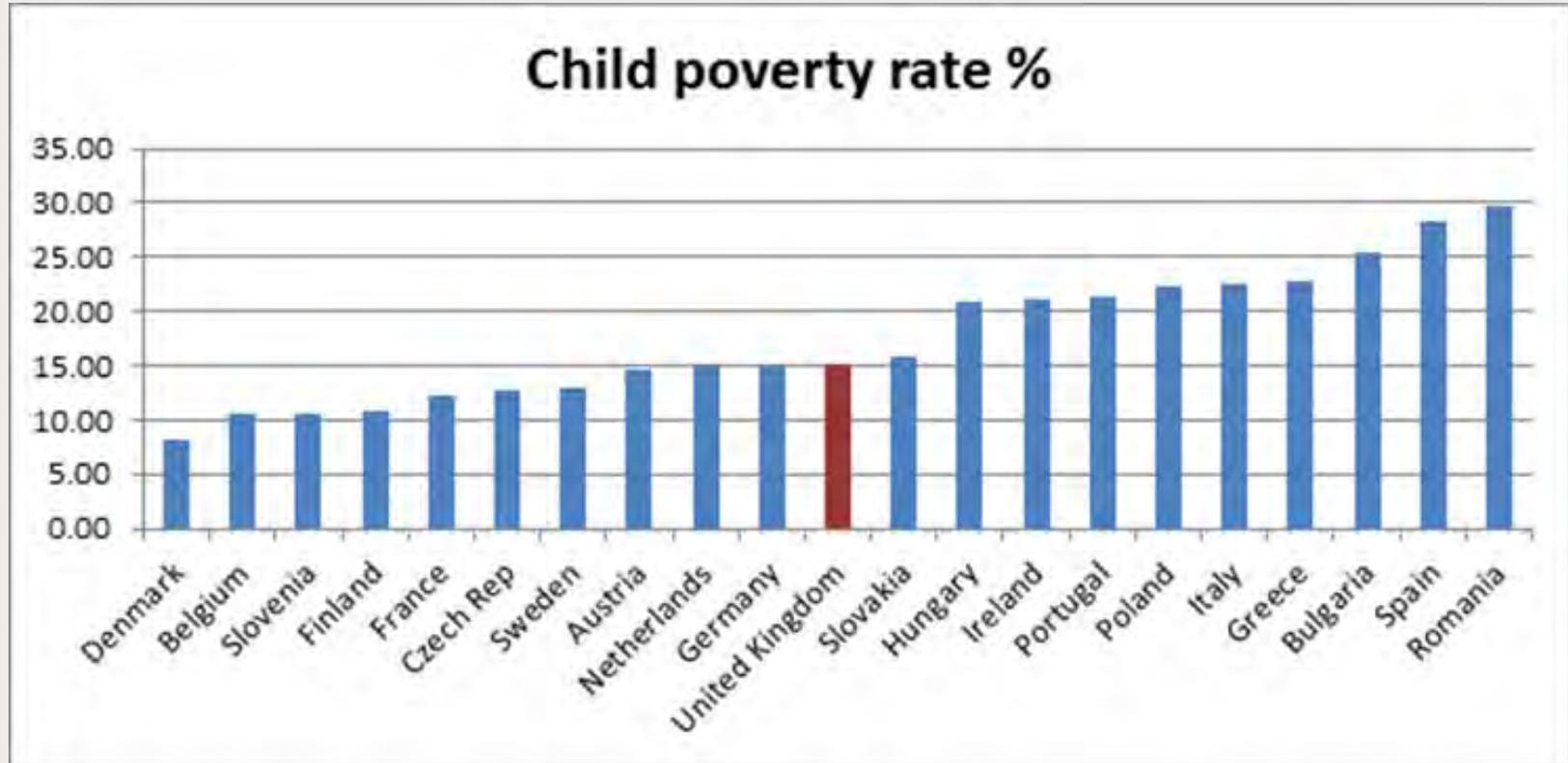
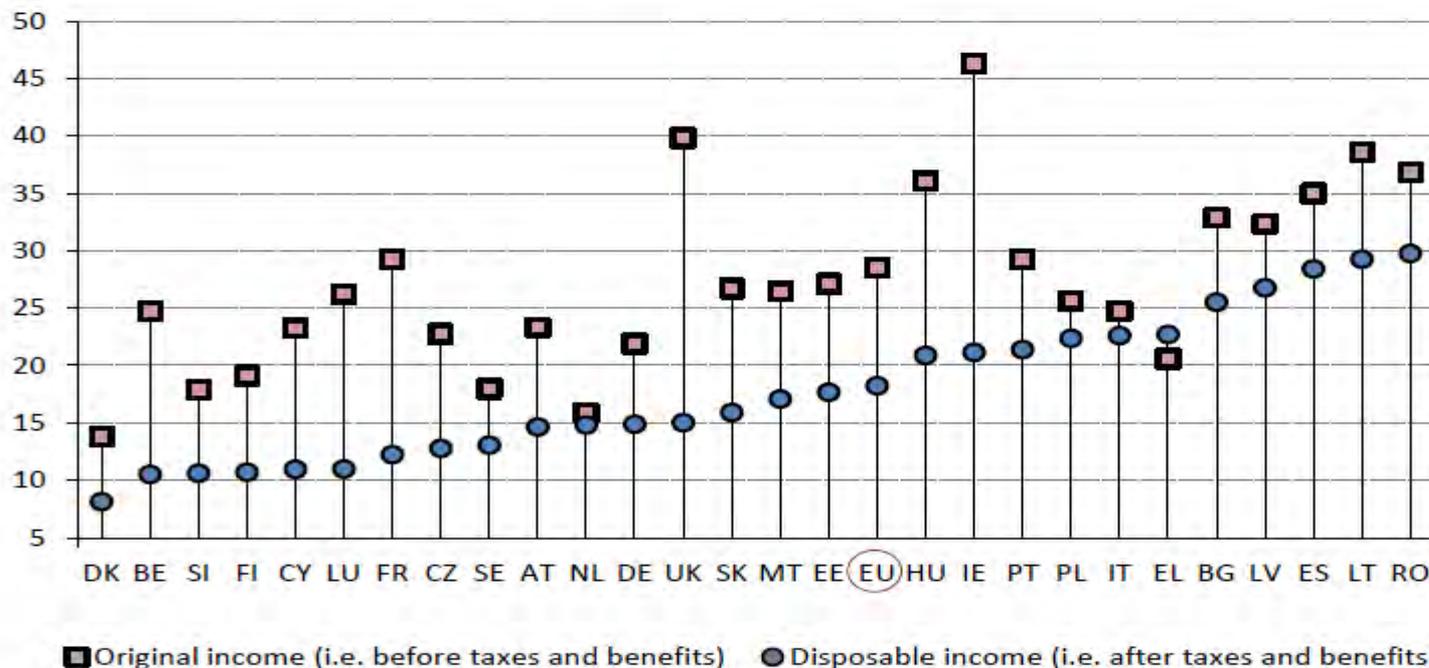


Figure 1. Child poverty rates before and after taxes and benefits (2012)



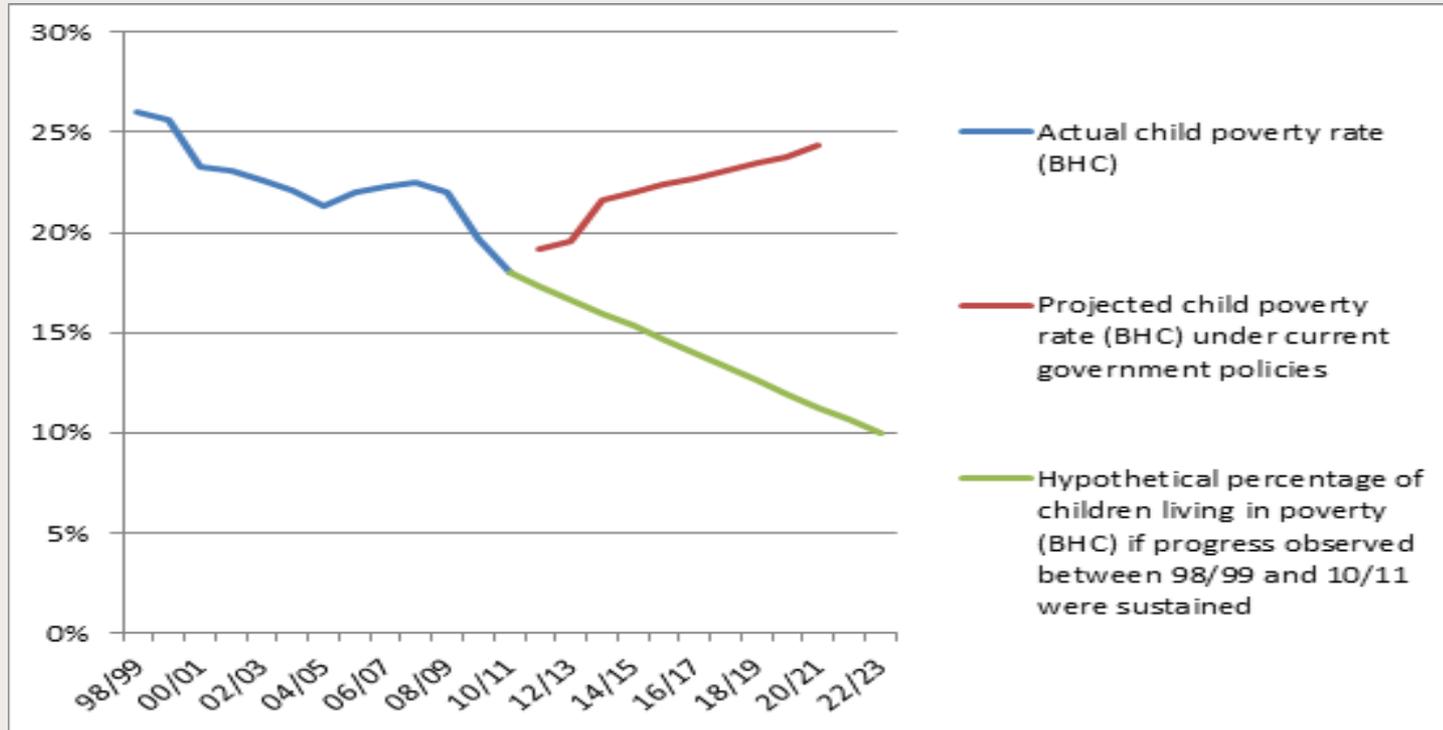
Notes: Countries are ordered according to child poverty rates before taxes and benefits are taken into account. A key to all the country abbreviations is provided in the Appendix (Table A.1). EU refers to the EU27 average.

Source: EUROMOD version G1.4.

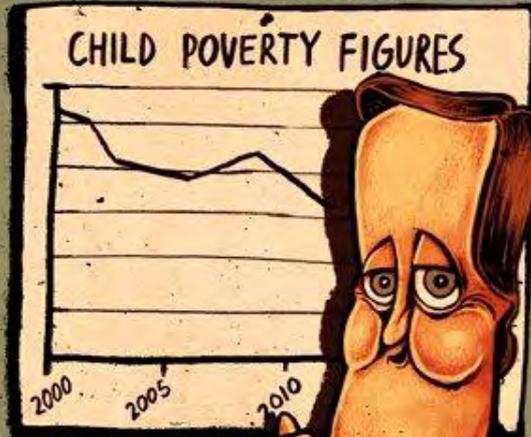
Rising proportion of poor children live with working parents

In-work poverty (2015/16) - below 60% median (AHC)		
	1997/98	2015/16
% poor children in working households	49	67
% poor children in workless households	51	33
No. poor children in working households (million)	2.0	2.7
No. poor children in workless households (million)	2.2	1.3

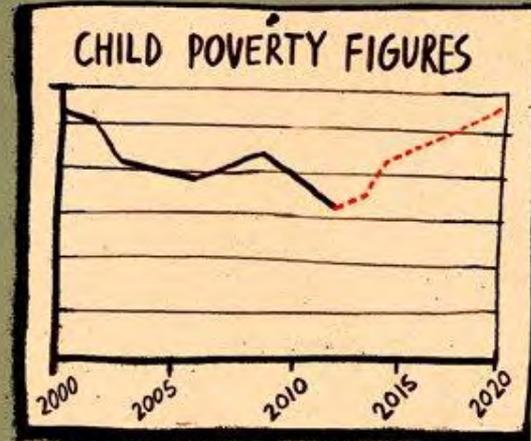
Would have hit target in early 2020s



Government claim - whoops!



THERE ARE 300,000 FEWER CHILDREN IN POVERTY THAN WHEN I BECAME PRIME MINISTER.



BAM JENNINGS

CHILD POVERTY ACTION GROUP

Ending child poverty by 2020?

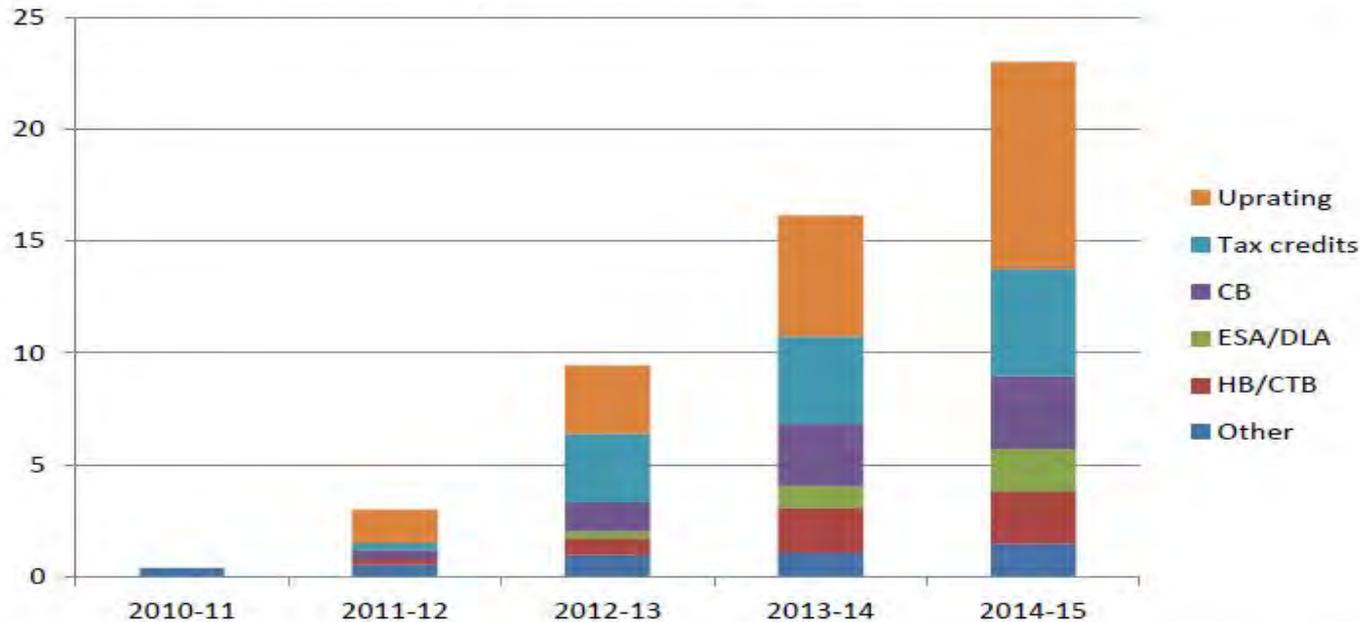
Reasons why not:

- Rising cost of a child – housing and childcare
- Low and stagnating wages, slow to rise
- Benefit and tax credit cuts - £21bn per year, plus £12bn more
- Pensioners protected – yet children more than twice as likely to be poor than pensioners
- 70% hit families with children
- 60% hit working people

Where the cuts fell

House of Commons Library

Figure 5: Expected annual savings from working age welfare reforms (£ billion a year)



[Source: HM Treasury Budget Red Books and Autumn Statements; 2010 Spending Review]

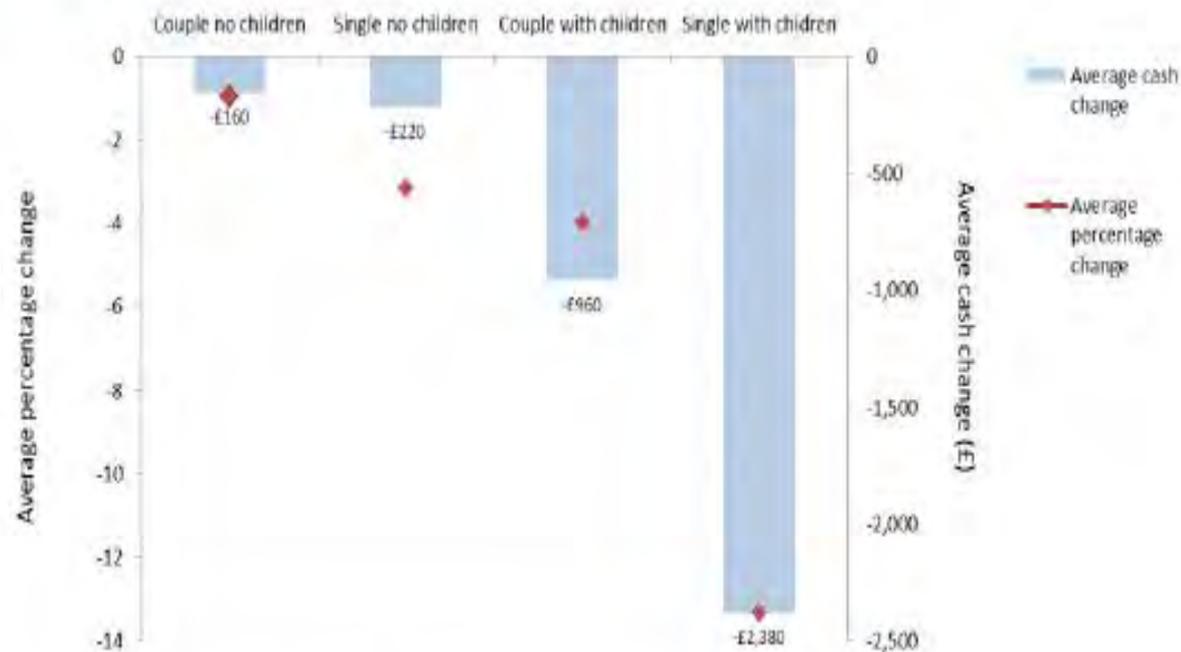
More devastating cuts this year

- **4-year freeze** - Child benefit, tax credits and universal credit
- **2-child limit** - tax credits or universal credit – from April 2017
- No exception - disabled children or re-partnering
- **Benefit cap** - reduced to £20k a year (£23k in London) - even if can't work due to disability or need to care for young children
- 94% have children, two-thirds single parents, more than half contain a child under 5, one-fifth child under 1
- **Hardest hit** - single parents, larger families (3+) and disabled children
- **Housing Benefit** cut for everyone – for 18-21s - while rents soar
- **Inflation** now projected to rise by 35% 2010-20
- CB will have risen by 2% - 1/17 of what's needed

Universal credit did not escape

- UC did not escape the axe - similar [cuts to tax credits](#) reversed last year
- Reductions to work allowances (point UC starts to be withdrawn) means parents [now need to work a thirteen-or fourteen-month year](#) just to protect current income levels
- Originally UC child poverty reducing - 350k, then 150k, now won't say
- UC failing its own terms (simplicity, work incentives, reducing poverty)
- Needs to be fixed – restore funding to match original vision
- Other fixes needed – 6 week wait, monthly payment, payment to main carer, second earner disregard and work allowances
- Now rolling out across UK – making people worse-off

Figure 1. Average annual losses for working age households from changes to universal credit and child benefit (for the year 2020/21, in 2015/16 prices)



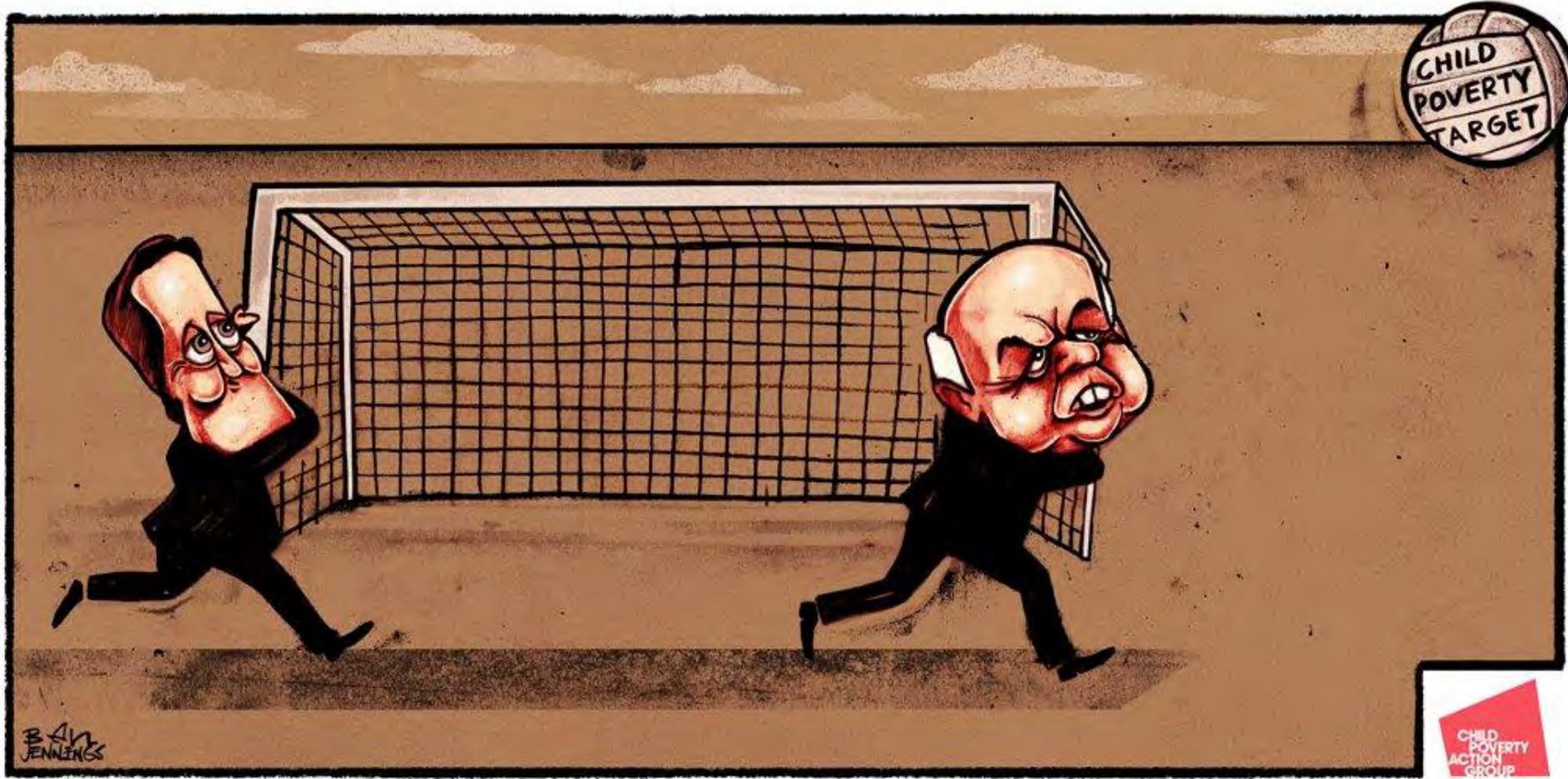
Source: analysis of 2014/15 family resources survey using the IPPR tax-benefit model

Are we facing a child poverty crisis?

- HBAI 2015/16:
 - child poverty has risen by 400k since 2010
 - from 3.6 to 4.0m AHC (2.3 to 2.7m BHC)
 - 27% to 30% AHC
- IFS latest projections:
 - Relative child poverty - 5.1m by 2021/22 (AHC) - 36%
 - Absolute child poverty '14/15-'21/22 - 27.5% to 30.3%
 - Rise due to freezes, UC cuts and 2-child policy
 - UC work allowance cuts account for 1/3 increase child poverty in working households
 - Most of the increase among 'large' families (3+ children)

Government response?

Moving the goal posts

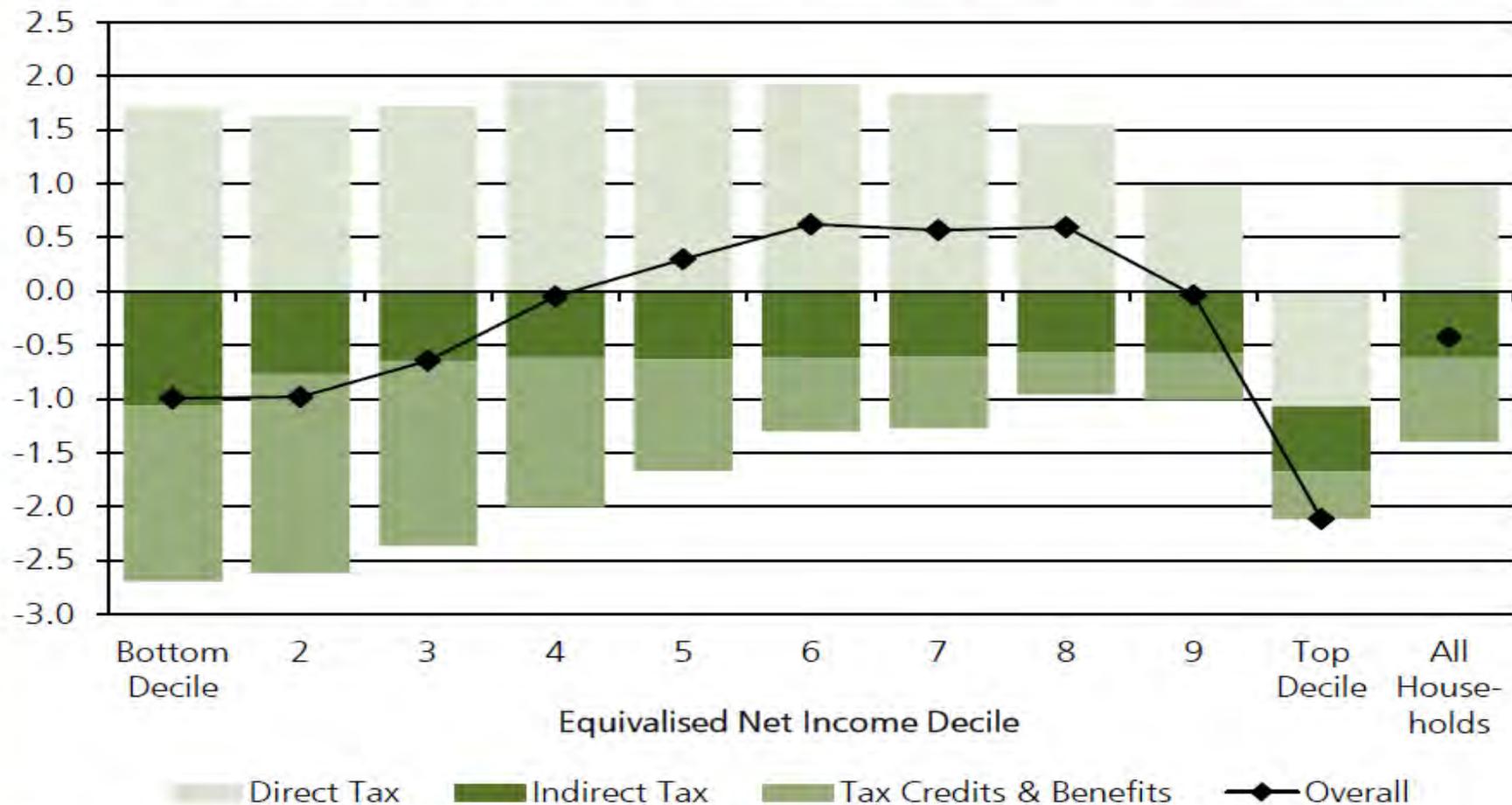




**Did those with the broadest shoulders bear the greatest burden?
Are we all in it together?**

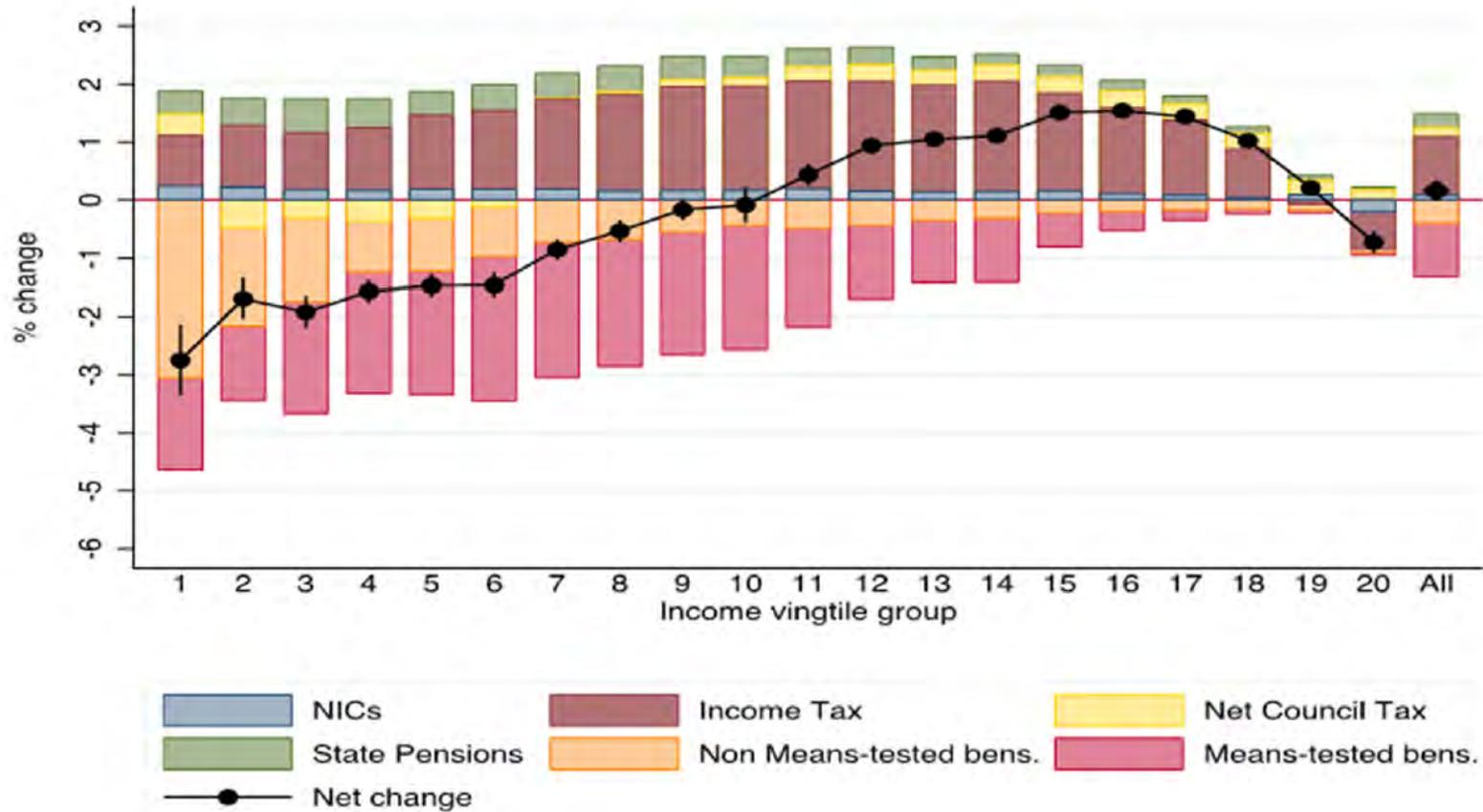
The results are in:

Chart 2.D: Cumulative impact of modelled tax, tax credit and benefit changes on households in 2014-15 as a percentage of 2014-15 net income, by income distribution



Source: HM Treasury tax and benefit microsimulation model

Figure 9: Percentage changes in household disposable income due to direct tax and tax transfer policies (May 2010 to 2014/15)



Source: (De Agostini, Hills, and Sutherland 2014)

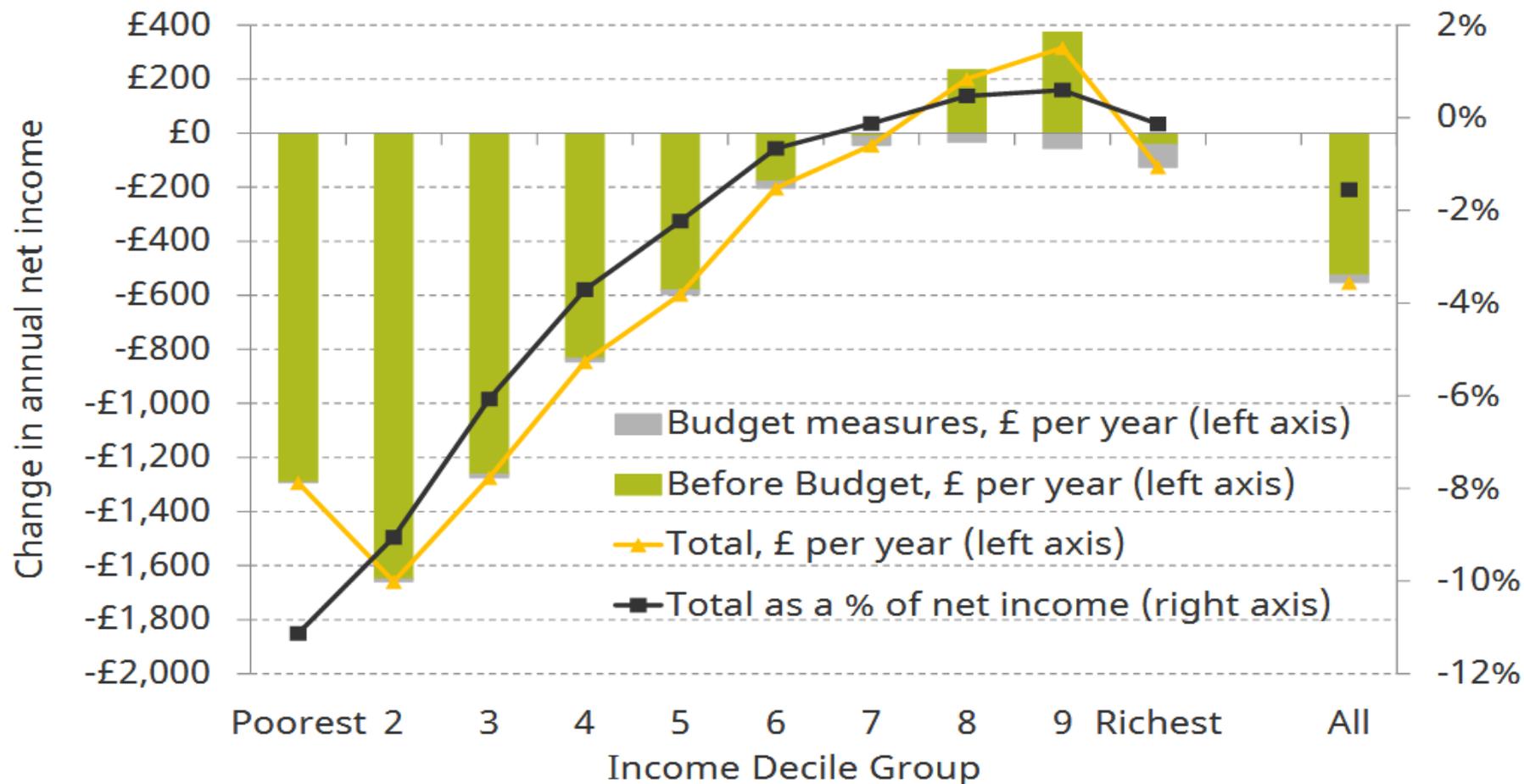
Necessity or choice?

- LSE, Manchester & York universities published this major analysis <http://sticerd.lse.ac.uk/dps/case/spcc/rr04.pdf>
- Fig 9 – since 2010, the whole of the poorest half of the income distribution is worse off and the richest half is better off
- Cuts for low income groups funded tax cuts for richer groups
- Reflects cost of raising the personal tax allowance (£12bn)

- We have seen reverse Robin Hood!

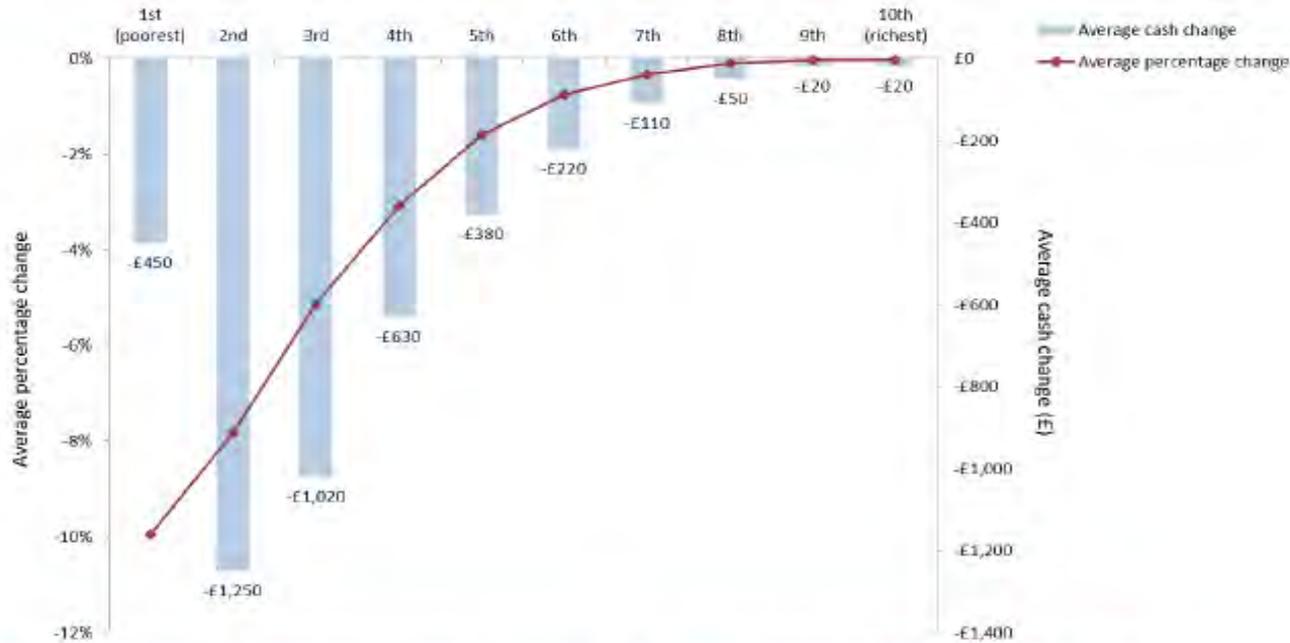
Impact of tax and benefit reforms

May 2015 – April 2020 (including universal credit)



Notes: Assumes full take-up of means-tested benefits and tax credits and all changes fully in place. 'Budget measures' consists of the change to the Class 4 NICs rates.

Figure 2. Average annual losses to households in different equivalised disposable income deciles from changes to universal credit and child benefit freeze (for the year 2020/21, in 2015/16 prices)



Source: analysis of 2014/15 family resources survey using the IPPR tax-benefit model

We're all in it together?



Why does income matter?

- Family income has a causal relationship with poor child outcomes
- Poorer children have worse:
 - Cognitive
 - social-behavioural and
 - health outcomes
- This is independent of other factors found to be correlated with child poverty (e.g. household and parental characteristics)
- Most likely mediating factor is parental stress and anxiety

Cooper K & Stewart K (2013) Does money affect children's outcomes? York: JRF
<https://www.jrf.org.uk/report/does-money-affect-children%E2%80%99s-outcomes>

Child poverty and health

- Eliminating UK child poverty would save the lives of 1,400 children under 15 years of age every year

Pillas D, Marmot M, Naicker K, *et al.* Social inequalities in early childhood health and development: A European-wide systematic review. *Pediatric Research* 2014;**76**:418–24. doi:10.1038/pr.2014.122

Stealing away children's life chances

- **Education divide** – poorer children 9 months behind (Hirsch D, 2007)
- **Health divide** – socio-economic conditions mean greater risk heart disease, death by stroke, disability, poor mental health (Spencer N, 2008)
- **Wellbeing divide** – neg. impact relationship with parents, educational orientation, self-worth and risky behaviour (Tomlinson and Walker, 2009)
- **Costs £29 billion a year** in public spending (CPAG/Hirsch, D, 2013 building on JRF, 2008) – if poverty rises 1m will be £35bn

The cost of child poverty



OECD (2015) *How's Life for Children*

http://www.oecd.org/statistics/Dettee%20Life%20Initiative%20country%20note%20United%20Kingdom.pdf

Measuring National Well-being... How's Life? 2015 - Measuring... oecd.org

HOW'S LIFE FOR CHILDREN IN THE UNITED KINGDOM?

Giving children a good start in life is important both for well-being today, and in the future.

The United Kingdom's performance in child well-being is mixed. 15.5% of British children live in **workless households** (households with no employed adult), one of the highest shares in the OECD. However, the average British child lives in a home with **1.2 rooms per person**, which lies above the OECD average.

20.4% of British children **report their health** as fair or poor, the second highest share in the OECD. Furthermore, 3.1% of British children are obese compared to the OECD average of 2.7%. The United Kingdom's **teenage birth rate** lies substantially above the OECD average. The British **adolescent suicide rate**, however, is relatively low.

The **reading and creative problem-solving skills** of British students lie above the OECD average level. At the same time 14.1% of British students **feel a lot of pressure from schoolwork** compared to the OECD average of 10.8%.

Children in the United Kingdom tend to enjoy higher level of **personal security** than the average child in the OECD.

Child well-being in the United Kingdom

Ranking of the United Kingdom compared to other OECD countries
● top third ● middle third ● bottom third

Income and Wealth	Disposable income of households with children	●
	Child income poverty	●
Jobs and Earnings	Children in workless households	●
	Children with a long-term unemployed parent	●
Housing conditions	Average rooms per child	●
	Children in homes that lack basic facilities	●
Environmental quality	Children in homes with poor environmental conditions	●
	Infant mortality	●
Health status	Low birth weight	●
	Self-reported health status	●
	Obesity	●
	Adolescent suicide rate	●
	Teenage birth rate	●
Education and Skills	Reading skills among 15 year olds (PISA)	●
	Creative problem solving among 15 year olds (PISA)	●
	Youth neither in employment nor education/training	●
	Educational deprivation	●
Civic engagement	Intention to vote	●
	Civic participation	●
Social and family environment	Children who find it easy to talk to their parents	●
	Students reporting having kind classmates	●
	Students feeling a lot of pressure from schoolwork	●
	Students liking school	●
	Sense of belonging in school at 15 years old (PISA)	●
Personal security	Child homicide rate	●
	Bullying	●
Subjective well-being	Life satisfaction	●

Inequalities in child well-being

Across all OECD countries there are large inequalities in child well-being. Children from wealthier

11:20 27/11/2015

Trends in child well-being: ✓ = getting better, X=getting worse, ≈no clear trend,
 ■=missing data

	Labour period trend 1997-2010	After 2009 to latest	Source
Material well-being			
Relative poverty BHC	✓	✓	HBAI
'Absolute' child poverty BHC	✓	X	HBAI
Material deprivation	■	✓	HBAI
Persistent poverty BHC	✓	■	HBAI
Health			
Still births	≈	✓	ONS
Infant mortality	✓	✓	ONS
Child deaths	✓	✓	ONS
Low birth weight	≈	≈	ONS
Breastfeeding	✓	✓	ONS
Immunisation rates	X	✓	DoH
General health	✓	✓	HSE
Longstanding illness	✓	≈	HSE
Limiting longstanding illness	✓	✓	HSE
Diabetes	X	X	HSE
Asthma	≈	■	HSE
Dental health	■	✓	HSCIC
Injuries and accidents	✓	✓	DoT
Obesity	X	≈	HSCIC
Diet (fruit and veg)	✓	X	HSCIC
Alcohol	✓	✓	HSCIS
Smoking	✓	✓	HSCIC
Physical activity	■	X	HSCIC
Drugs	✓	✓	CSEW

Trends in child well-being: ✓ = getting better, X=getting worse, ≈no clear trend, ■=missing data

	Labour period trend 1997-2010	After 2009 to latest	Source
Subjective well-being and mental health			
Happiness overall	✓	X	BHPS
Mental health	✓	≈	ONS
Suicide	✓	X	ONS
Happiness with friends	✓	X	BHPS/US
Happiness with family	≈	≈	BHPS/US
Happiness with school work	✓	✓	BHPS/US
Happiness with appearance	≈	X	BHPS/US
Happiness with life	✓	X	BHPS/US
Happiness with school	■	✓	BHPS/US
Education			
Key stage 2 attainment	✓	✓	DFE
5 GCSEs A-C	✓	✓	DFE
Level 2 qualifications	✓	✓	DFE
Staying on rates	✓	✓	DFE
Exclusions	≈	✓	DFE
NEET	≈	✓	DFE
Housing			
Homelessness	✓	X	DCLG
Temporary accommodation	✓	X	DCLG
House conditions	✓	✓	EHS/EHCS
Child maltreatment			
Fatal abuse	✓	≈	Home Office
Physical abuse	✓	X	NSPCC
Neglect	≈	X	NSPCC
Children in care			
Length of spells in care	■	✓	DfE
Placement stability	✓	≈	DfE
Education attainment	✓	✓	DFE
Childcare			
Formal participation	✓	≈	DFE
Crime and drugs			
Proven offences	✓	✓	YJB
Arrests	✓	✓	YJB
Worry about crime	✓	■	MORI

Conclusions

- We know child poverty is policy responsive
- Failure to act is hugely expensive
- If Governments do the right thing – it comes down
- If they do the wrong thing...
- Why are children being sacrificed?
- Children and childhood are an end in themselves, not a means to an end
- **We are facing a child poverty crisis**

Solutions

Child poverty – what needs to happen?

- Reinstate targets at national and local level
- Restore family benefits – triple lock?
- Fix UC – fit for families again
- Reform sanctions regime
- STBAs, DHPs and LWAS – serious need of reform (guarantee future, ringfence, reporting duties, clear framework as in Scotland)
- 2013/14 – 169k successful claims for STBA
- 2012/13 - 835k under equivalent Social Fund
- Tuesday, infant universal Free School Meals saved
- Growing consensus – FSMs work

What else works?

- High quality early childhood education & care – outcomes age 5
- Sure Start Children's Centres – protect and revive
- Extended schools – breakfast, after school and holiday childcare (not child feeding stations)
- Equal access to enriching activities
- Free School Meals – extend to universal where possible
- Pupil Premium increases (including in early years)
- Poverty proofing the school day – work in Glasgow and Dundee
- Close the educational attainment gap
- Talk to children

What CPAG is doing

- Modelling work with IPPR
- Early Warning System (EWS) – starting with UC
- Health – work with RCPCH
- Housing – partnership with Orbit
- Education – poverty proofing the school day, NASUWT
- Food – work in Tower Hamlets food banks
- Local child poverty and fairness commissions
- Welfare rights advice - handbooks and online
- Test cases – LWAS, ben cap, bed tax, 2-child policy, etc.

Role of local authorities

Some policies to focus on

- Advice – welfare rights advice is early intervention
- Prepare for UC
- Good use of DHPs and don't pass on 10% CT cut
- Provide local support for parental employment
- Debt and credit advice
- Education – raising attainment
- Housing and homelessness prevention – local solutions
- Child mental health services – prioritise and develop
- Community transport – free for children & young people?
- Unlock sports facilities and community assets
- Green spaces – community orchards – community growing
- Food poverty - food deserts & food banks
- Planning – no fast food near schools?

Housing

What you already know about housing

- Housing market undersupplied and overpriced
- Housing costs drive up poverty – AHC figures
- More working families claiming HB
- Token HB – shortfalls drive arrears, debt – gap worsening
- Ben cap, Bed tax, DHPs – how long?
- More overcrowding
- Poor quality housing affects health and life chances
- Space for homework
- Neighbourhood matters
- Affects mental health

Food poverty

Consequence of rising poverty?

The food bank response - as featured in 'I, Daniel Blake'

- Trussell Trust foodbank parcels:
 - 2011/12 – 128,697
 - 2012/13 – 346,992
 - 2013/14 – 913,138
 - 2014/15 – 1,084,604
 - 2015/16 – 1,109,309
 - 2016/17 – 1,182,954 (including 436,938 children)

- 50-55% due to benefit problems
- Last resort after an acute income crisis

(Perry J, Williams M, Sefton T, Haddad M (2014) *Emergency Use Only: Understanding and reducing the use of food banks in the UK*)

Multiple drivers

One or more of:

- Sanctions, waiting for benefits, ESA stopped (50-55%)
- Plus bedroom tax/benefit cap (59-63%)
- Plus benefit change or delay (67-78%)

- Series small, low cost changes to sanctions proposed
- 17% increase UC areas – national average 7%

(Perry J, Williams M, Sefton T, Haddad M (2014) *Emergency Use Only: Understanding and reducing the use of food banks in the UK*)

Our work in food banks – tower hamlets

- Failure of benefit system, dearth of good advice
- Users either had no advice referral or not resolved
- CPAG recovered £1,000s unpaid benefits
- One year 2016/17 - £852,289 recovered
- One-off £242,653; weekly £16,390
- ‘For the first time, no stone was left unturned’

Pulling bodies from river...who's chucking them in further up?

Education

Education – poverty proofing the school day

- We are already seeing children finding it hard to participate in school activities because of the costs involved
- Our work on the cost of the school day shows children choose subjects to avoid those that involve cost
- In addition, many are arriving at school hungry and cannot participate in the same activities as their peers – trips, school uniforms, school meals and so on
- Positive results when this is tackled – attendance, participation
- This can only get worse unless tackled

Extended schools not feeding stations for the poor

- Parents – valued activities not association with food element
- Pressure, guilt, lack of confidence
- Cost pressures for activities and clothes & no FSMs in hols
- Hard to find or afford holiday childcare (waiting lists, teenagers, special needs, unhelpful hours)
- Wanted free, healthy meals within existing provision
- Extended schools known and trusted – enriching activities
- Improve attainment, soc. inclusive, food integral part of service
- Need comprehensive extended school services, not child feeding stations for ‘the poor’

Our reports – Unfinished Business, Cost of the school day

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What else?

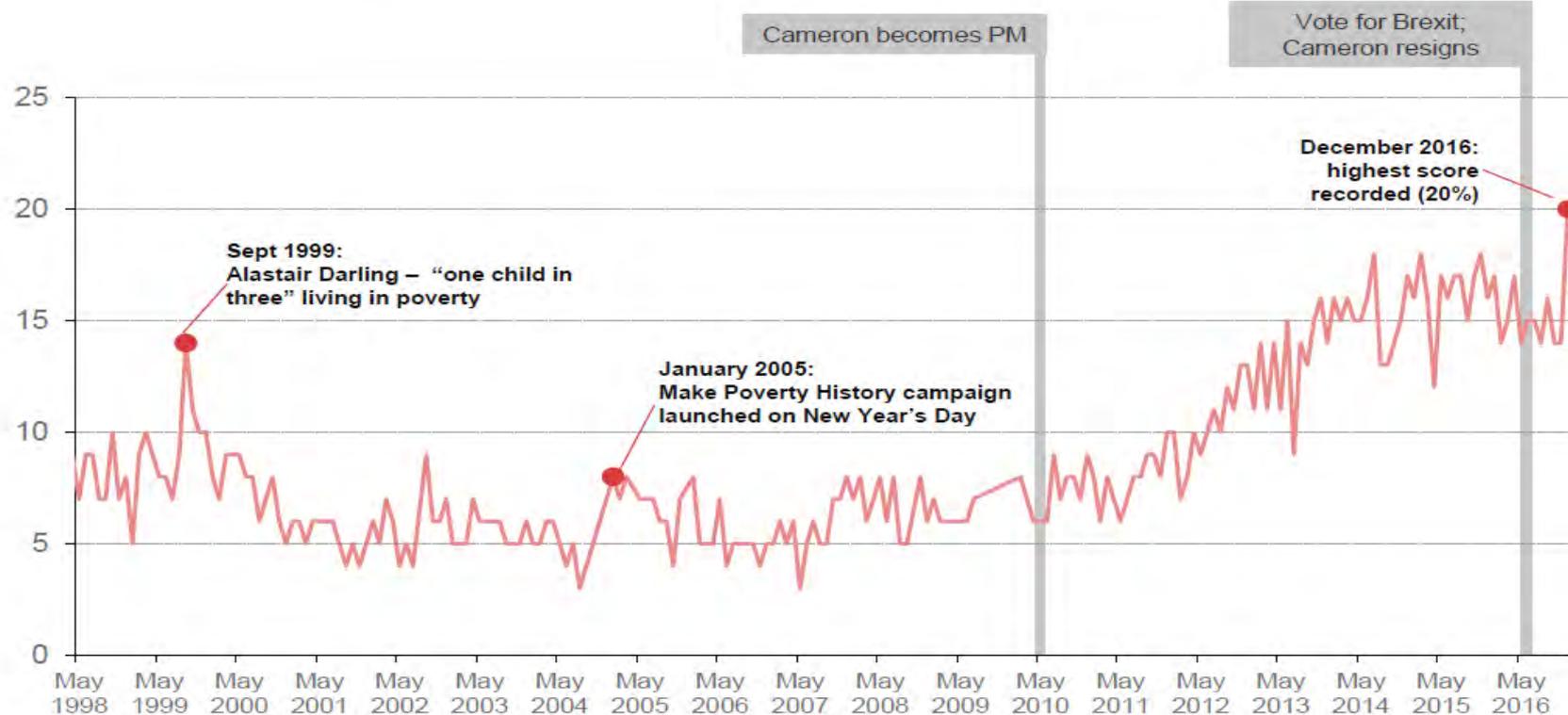
Tackle rising costs

- Cost of a child to 18 – minimum £150k or £180k (LP)
- £160 per week – more as get older
- Couple both full-time on NMW still £50 pw short
- Housing and childcare costs
- Growing poverty gap – on average £60 below line
- Extra costs of food in school holidays can push families from ‘just about managing’ into hardship
- Parents skip meals
- Issue not just about food – holiday hunger is not an isolated issue
- **Indicators of rising child poverty**

Issues Facing Britain: Poverty/inequality

What do you see as the most/other important issues facing Britain today?

13



Base: representative sample of c. 1,000 British adults age 18+ each month, interviewed face-to-face in home

Source: Ipsos MORI Issues Index

The end - questions?

