

Child poverty: the stats

**Analysis of the
latest poverty
statistics**

**CHILD
POVERTY
ACTION
GROUP**

CPAG policy briefing: October 2008

CPAG promotes action for the prevention and relief of poverty among children and families with children. To achieve this, CPAG aims to raise awareness of the causes, extent, nature and impact of poverty, and strategies for its eradication and prevention; bring about positive policy changes for families with children in poverty; and enable those eligible for income maintenance to have access to their full entitlement. If you are not already supporting us, please consider making a donation, or ask for details of our membership schemes, training courses and publications.

Published by CPAG
94 White Lion Street, London N1 9PF
Tel: 020 7837 7979
staff@cpag.org.uk
www.cpag.org.uk

© Child Poverty Action Group 2008

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, resold, hired out or otherwise circulated without the publisher's prior consent in any form of binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

A CIP record for this book is available from the British Library

ISBN 978 1 906076 22 1

Design by Devious Designs 0114 275 5634

Printed by Calverts Press 020 7739 1474

Child Poverty Action Group is a charity registered in England and Wales (registration number 294841) and in Scotland (registration number SC039339), and is a company limited by guarantee, registered in England (registration number 1993854).

Introduction

The annual poverty figures were published in June 2008 covering 2006/07. This briefing explains how these figures are calculated and gives some background to the recent changes.

‘Our historic aim will be for ours to be the first generation to end child poverty forever, and it will take a generation. It is a twenty-year mission, but I believe it can be done.’

Tony Blair, 18 March 1999

- ◆ In March 1999, Tony Blair pledged to end child poverty within a generation, later clarified as being by 2020. On the road to this historic goal, the Government committed itself to cut child poverty by a quarter between 1998/99 and 2004/05, and by half by 2010/11.
- ◆ There is wide political support for tackling child poverty. The three major British parties are signed up to the 2020 goal, though the Conservatives refer to it as an ‘aspiration’. Both the Scottish National Party and Plaid Cymru have adopted the target.
- ◆ The Government missed its first child poverty target of reducing child poverty by a quarter between 1998/99 and 2004/05. In 1998/99 the number of children in poverty was 3.4 million by the Government’s key measure (relative low incomes before housing costs). This needs to fall to 1.7 million by 2010/11 if child poverty is to be halved. In 2006/07 2.9 million children were poor.

The current position of the political parties

Labour

‘Child poverty is the scar that demeans Britain.’

Gordon Brown, Prime Minister, 1 March 2008¹

The Labour Party made the promise to end child poverty in 1999. It remains committed to this, and repeatedly and publicly reaffirms its commitment to both the 2010 and 2020 targets. Labour, however, has not yet set out investment plans which campaigners believe are sufficient to ensure the 2010 target is met.

The Conservatives

‘We can end poverty – I mean it.’

David Cameron, Leader of the Conservatives, 28 April 2008²

The Conservative Party has, under David Cameron’s leadership, announced its support for the 2020 child poverty pledge as an ‘aspiration’. It has given no support, however, to the 2010 target and the lack of a firm commitment on 2020 leaves open the possibility that the 2020 target would be effectively scrapped by its downgrading under a Conservative administration. CPAG recognises the Party’s significant progress on this issue under Cameron, but we believe the Conservatives still need to do much more to strengthen their commitment.

Liberal Democrats

‘It isn’t good enough when the very number of days you will spend on this planet are determined by the place and circumstances of your birth.’

Nick Clegg, Leader of the Liberal Democrats, 9 March 2008³

The Liberal Democrats formally adopted a policy of support for both the 2010 and 2020 targets at their 2007 conference. Like the Government, however, they have not yet set out investment plans, which campaigners believe are sufficient to ensure the 2010 target is met.

Defining and measuring child poverty

CPAG uses Peter Townsend’s definition of poverty as follows:

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or are at least widely encouraged and approved, in the societies in which they belong.⁴

Three points are worth emphasising from this well-used definition. First, that poverty is relative – it is about not having the standard of living that is typical in a given society and at a given time. Secondly, resources are central. This means in a capitalist country like the UK, money is central. Thirdly, the definition highlights not just basic survival, but the ability to participate in society.

The official target to halve child poverty by 2010/11 is now measured against the following three indicators.

- 1 **Children experiencing relative low income** (the Government's headline measure). Defined as children in households with 'needs-adjusted'⁵ incomes below the poverty line (60 per cent of the current national median income).
- 2 **Children experiencing material deprivation and relative low income combined**. Defined as children in households with needs-adjusted incomes below 70 per cent of the national median and who are experiencing material deprivation.
- 3 **Children experiencing absolute low income**. Defined as children in households with needs-adjusted incomes below 60 per cent of the 1998/99 national median income (increased for price inflation).

Incomes are net of income tax and do not include any allowance for the cost of housing (any housing benefit being paid is included as income, but rent or mortgage payments are not deducted from the income figure).

Material deprivation is estimated by asking whether families have a set of 21 items (and, if they do not, whether this is because they cannot afford them – see Appendix, Table 2). Each item is given a score, weighted according to how common it is in the population.⁶

The scores of the items a family does not have and cannot afford are summed to provide an overall score. For the measure, this is only applied to families with relatively low incomes (below 70 per cent of the median income⁷). Scores are ranked and children in families with a score above the deprivation threshold⁸ are counted as materially deprived.

CPAG prefers to use after housing costs data, as this gives a better indication of real disposable incomes. More children are poor after housing costs have been accounted for than before because housing costs weigh particularly heavily on families with children. Cash poverty lines for the Government's headline measure (60 per cent of relative low incomes, before housing costs) and CPAG's preferred measure (60 per cent of relative low incomes, after housing costs) are in Table 1.

Table 1

The poverty line (relative low income: 60% median incomes, per week)

	Government headline measure (before housing costs)	CPAG preferred measure (after housing costs)
Couple with two children (aged 5 and 14)	£346	£312
Single parent with two children (aged 5 and 14)	£271	£231

2006/07 child poverty figures

The 2006/07 figures are available at <http://www.dwp.gov.uk/asd/hbai.asp>⁹ on the Government's three measures and on CPAG's preferred after housing costs measure. Key results from 1998/99 to the latest available data are in Table 2.

Table 2

Children in poverty on various measures (millions of children)

	Official measures (all before housing costs)			Relative low income after housing costs (CPAG preferred measure)
	Relative low income (Government headline Measure 1)	Material deprivation and relative low income (Measure 2)	Absolute low income (Measure 3)	
1998/99	3.4	-	3.4	4.4
1999/00	3.4	-	3.1	4.3
2000/01	3.1	-	2.5	4.1
2001/02	3.0	-	2.0	4.0
2002/03	2.9	-	1.8	3.9
2003/04	2.9	-	1.8	3.7
2004/05	2.7	2.2	1.7	3.6
2005/06	2.8	2.1	1.6	3.8
2006/07	2.9	2.0	1.7	3.9
2010/11 target	1.7	-	-	-

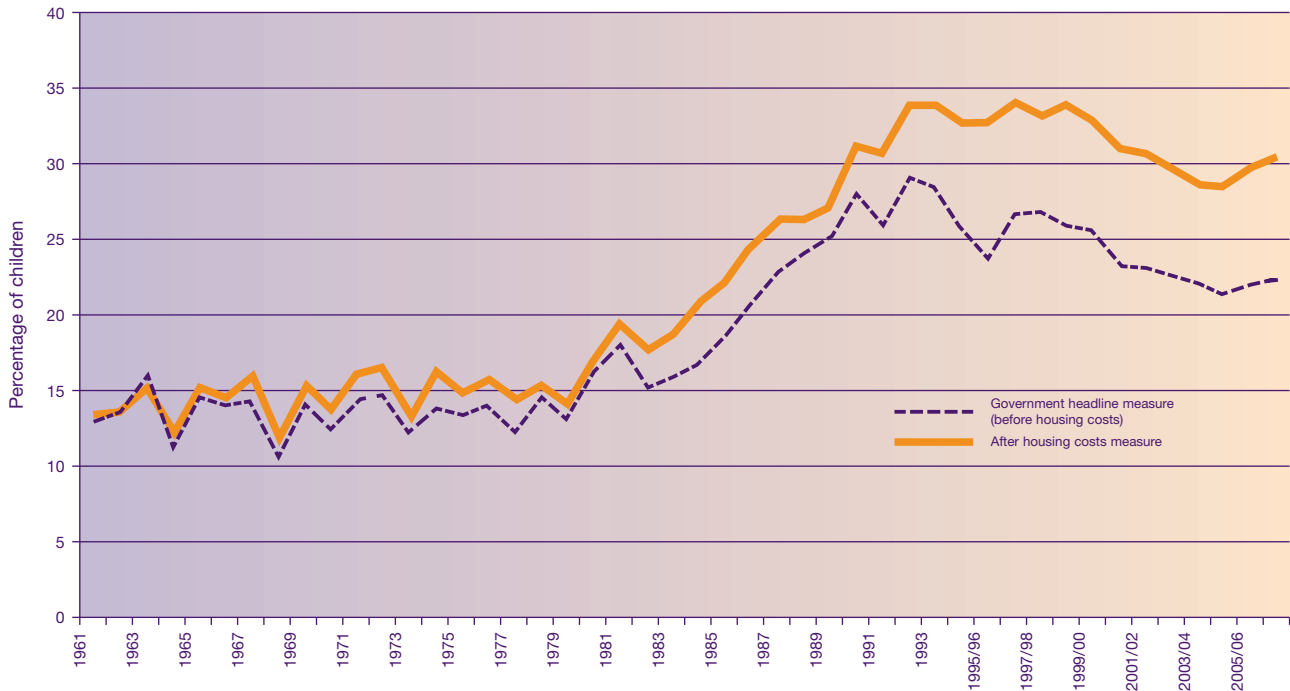
Source: Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008. Percentage figures for the same data are in the Appendix, Table 1.

- ◆ The latest years' figures show that child poverty measured on both relative (before and after housing costs) and absolute income poverty rose, whilst material deprivation and relative low income fell.
- ◆ The Government reports a fall of 600,000 children since 1998/99 on its key before housing costs measure – from 3.4 million to 2.9 million children (the difference between the 600,000 and this apparent 500,000 fall is due to a rounding error).

Figure 1 places the central measures in a longer historical perspective, showing the changes in relative income poverty on the Government's headline (relative low income before housing costs) measure and CPAG's preferred after housing costs measure (the data in the latter part of the era on the chart is equivalent to that in Table 2).

Figure 1

Child poverty 1961-2006/07



Source: IFS.¹⁰ Data before 2001/02 is for Great Britain; after is for the UK. The child poverty definition is as for relative low income (60 per cent of median income).

Figure 1 shows that between the 1960s and the late 1970s child poverty was relatively static. After 1979, with rapidly growing inequality (and with some growth in the numbers of children in groups, particularly lone parents, which have traditionally been poor), many families with children were left behind as societal income rose, thus explaining the rapid rise in child poverty. This increase levelled off in the 1990s, but did not fall until after 1998. In the last two years of data, child poverty has risen.

Regional and national child poverty rates

The figures are available at a regional and national level within the UK. To ensure these are reliable, the Government combines a rolling three years' worth of data, but this means it is difficult to track change over time below the UK level.

- ◆ Child poverty rates vary across the UK. On the before housing costs measure, Inner London (31 per cent) and the North East of England (28 per cent) have the highest percentage of children poor in the UK.
- ◆ When housing costs have been accounted for, Inner London has by far the highest rate of child poverty, with nearly half of all children being poor (48 per cent).

- ◆ Using the before housing costs measure, the nation with the highest child poverty rate is Wales; after housing costs, this is England.
- ◆ The South East and East of England have the lowest child poverty rate, each with 15 per cent of children in poverty before housing costs and 25 per cent after housing costs.
- ◆ Children in Inner London face the highest risk of being materially deprived, with nearly one-third of children experiencing material deprivation, double the national rate. Children in the East and South East of England are the least likely to be materially deprived.

Table 3

Child poverty in different parts of the UK (three-year average, 2004/05-2006/07)

	Relative low income (Government headline Measure 1)		Relative low income after housing costs (CPAG preferred measure)		Material deprivation and relative low income (Measure 2)	
	%	Millions	%	Millions	%	Millions
England	22	2.38	30	3.24	16	1.73
North East	28	0.14	33	0.17	20	0.10
North West	25	0.38	31	0.47	19	0.29
Yorkshire and the Humber	25	0.28	29	0.32	17	0.19
East Midlands	24	0.22	29	0.26	17	0.15
West Midlands	26	0.31	33	0.40	20	0.24
East of England	15	0.18	25	0.30	11	0.13
London	25	0.40	41	0.66	22	0.35
Inner London	31	0.19	48	0.29	29	0.17
Outer London	22	0.22	37	0.37	19	0.19
South East	15	0.26	25	0.43	11	0.19
South West	17	0.17	26	0.26	13	0.13
Scotland	21	0.21	25	0.25	15	0.15
Wales	25	0.15	29	0.17	18	0.11
Northern Ireland	24	0.10	26	0.10	15	0.06
All children	22	2.9	30	3.9	16	2.0

Source: Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008

Children at the greatest risk of poverty

Figures are also available showing which groups of children are at greatest risk of poverty. This is important as the risk of sub-groups of children being poor varies hugely by household characteristics. Those children at greatest risk of poverty include: children living in workless households; children living in a family headed by someone from some minority ethnic groups (especially someone of Pakistani/Bangladeshi origin); children in large families; children with a disabled person in the household.

Table 4

Risk of children living in poverty (UK, 2006/07, %)

	Relative low income (Government headline Measure 1)	Relative low income after housing costs (CPAG preferred measure)	Material deprivation and relative low income (Measure 2)
Age of youngest child is under 5 years	26	36	19
Children living in owner-occupied accommodation	14	17	5
Children living in accommodation rented from the local authority	51	61	47
Children whose parents report having no savings	34	47	30
Children of a lone parent	37	52	36
Children living with a couple	18	23	9
Children in a household where all adults work	8	13	4
Children who have at least one parent in work, but not all	29	39	14
Children who do not have a parent in employment	63	81	61
Children in large families (3+ children)	33	42	24
Children in families with no disabled adult and no disabled child	20	28	13
Children in families with no disabled adult and one or more disabled child	In receipt of disability benefits	12	19
	Not in receipt of disability benefits	30	37
Children in families with one or more disabled adult but no disabled child	In receipt of disability benefits	23	29
	Not in receipt of disability benefits	35	44
Children in families with one or more disabled adult, one or more disabled child	In receipt of disability benefits	16	19
	Not in receipt of disability benefits	40	48
White children	20	27	15
Pakistani and Bangladeshi children	55	63	39
Black non-Caribbean children	36	56	38
All children	22	30	16

Source: Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008

Policy to tackle child poverty needs to engage with both the *risk* children face and the numbers of poor children – a small group with a high risk of poverty may make up only a small proportion of all children in poverty. Similarly, a large group facing a relatively low risk may make up a large proportion of all poor children. Table 5 shows both the risk and the proportion of poverty.

Table 5
Child poverty risk and the make-up of the poor child population (after housing costs, %)

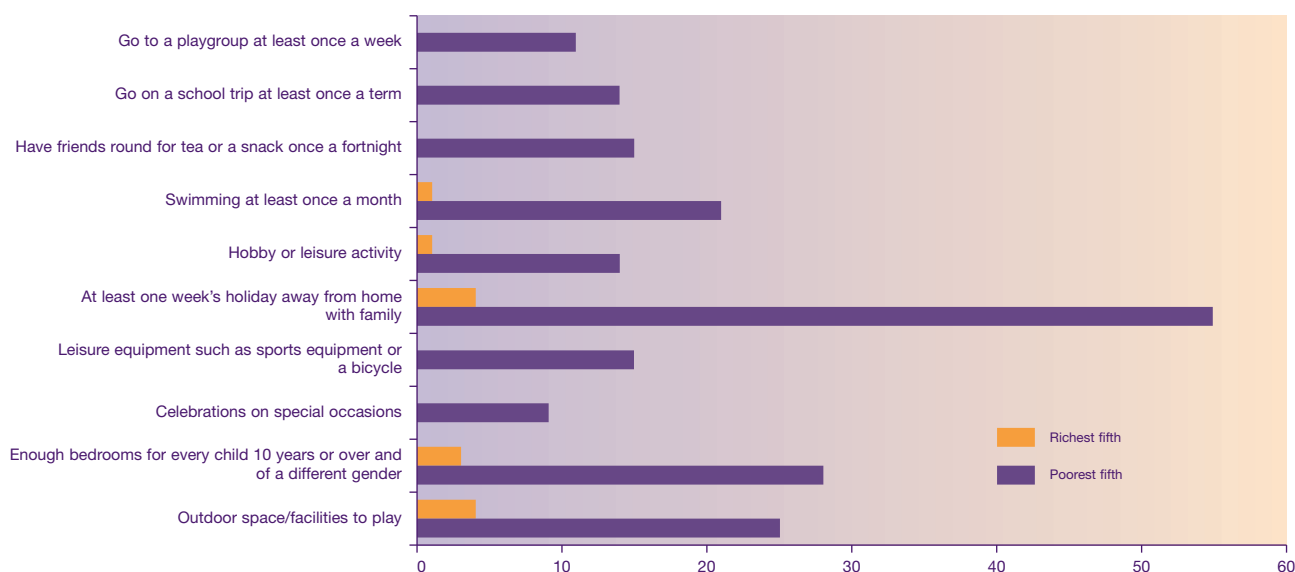
	Risk of poverty	Proportion of poor child population
Lone parent	52	42
Couple with children	23	58
One or more parent in work	22	59
Workless households	81	41
Large families (3+ children)	42	40
Affected by disability of family member	38	28
Not affected by disability of family member	28	72
White children	27	79
Pakistani and Bangladeshi children	63	8
Home owners	17	37
Social-rented sector tenants	61	43

Source: Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008 (some figures re-worked)

Material deprivation

Figures 2 and 3 show the material deprivation indicators used to make up the index described above (data is in the Appendix, Table 2).

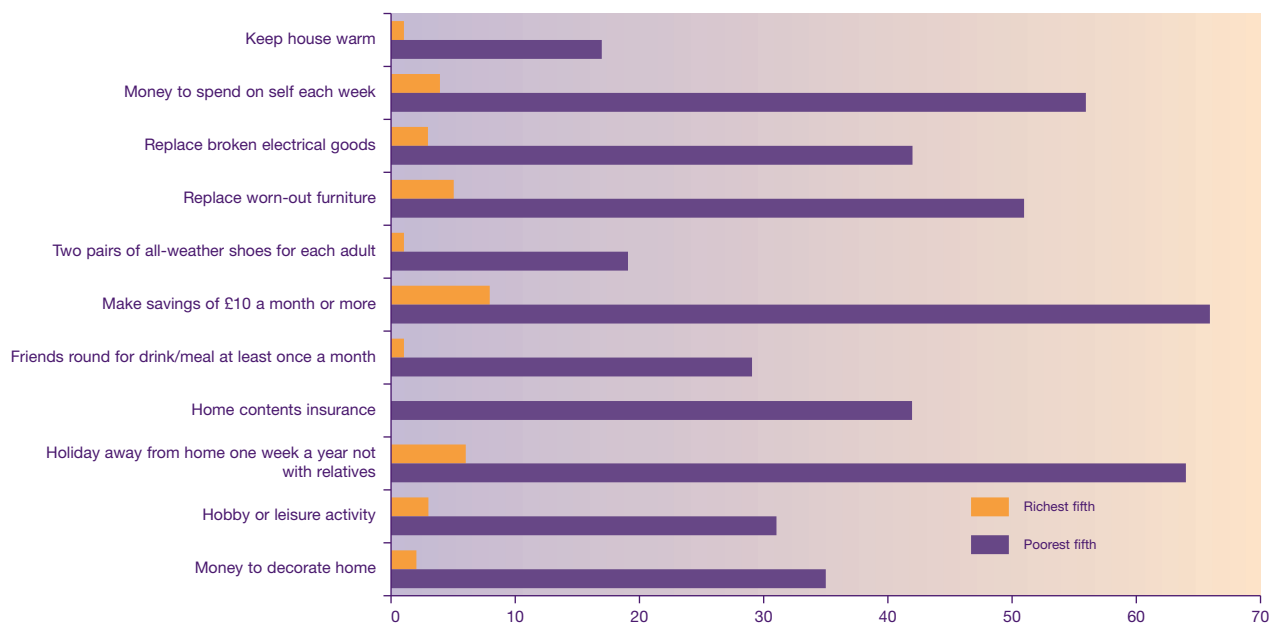
Figure 2
Child-level deprivation



Source: Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008

Figure 3

Adult-level deprivation



Source: Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008

The split between ‘child-level’ or focused indicators and broader ‘adult-level’ indicators helps capture broader household conditions, such as the state of repair. The charts indicate the following.

- ◆ The families of children in poorer income groups are much more likely to report not being able to afford necessities than better-off families.
- ◆ Child-level deprivation is less common than adult-level deprivation. This is because parents typically sacrifice wider spending, and particularly spending on themselves, to protect their children.
- ◆ The level of deprivation varies by item, but over two-thirds of the poorest fifth of children live in a household, which cannot afford to make small savings every month. Over 50 per cent of the poorest children are in households which cannot afford a week’s holiday away a year.

Persistent poverty

The annual poverty figures provide an indicator of children experiencing low income over a number of years.¹¹ They show the percentage of children in households with incomes below different income thresholds in at least three out of the last four years. Living for long periods on a low income is more likely to damage children’s chances than much shorter periods. The figures show that around one in ten children experience persistently low income before housing costs are accounted for, and nearly one in five after housing costs are accounted for.

Table 6

Children experiencing income poverty (below 60% median) in at least three out of four years (%)

	Before housing costs	After housing costs
1997-2000	15	19
2001-2004	13	17
2002-2005	11	17

Source: Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008 (Appendix 3)

Severe poverty

Policy has been criticised for shifting those closest to the poverty line across it, and not reaching those in the most severe poverty. This is a serious concern, given the core aim of anti-poverty policy should be to eradicate all poverty, delivering most for the poorest families. There are many families stuck in deep poverty, but it is simplistic to argue recent policy has not helped those in the deepest poverty at all, as there have been falls below a number of thresholds – not just the headline measure. Table 7 presents the data.

Table 7

Child poverty under different thresholds (after housing costs)

	Absolute low income 50%	Relative low income 50%	Relative low income 60%	Relative low income 70%
1998/99	3.1	3.1	4.4	5.4
2005/06	1.4	2.5	3.8	4.9
2006/07	1.5	2.6	3.9	5.0

Source: Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008

Table 7 should not be read to suggest there is no problem with severe poverty – there clearly is, but that caution is needed in interpreting changes in thresholds below 60 per cent of the median. The Government does not publish at lower thresholds (others have argued, for instance, for a threshold of 40 per cent of the median) because National Statistics regards this as unreliable. Recent work from the Institute for Fiscal Studies (IFS) also gives pause for thought. The IFS compared material deprivation for those with incomes below 40 per cent and those between 40 per cent and 60 per cent of the median, finding that those with apparently very low incomes (below 40 per cent) actually report lower levels of deprivation than those with slightly higher reported incomes.¹² It could be that this group was experiencing short-term very low income, or that the data is unreliable – the mismatch between the very lowest incomes and living standards suggests it is unwise to set targets on tackling poverty below the level of 60 per cent of current median income.

Why did child poverty rise after 2004/05?

The 2006/07 figures show a number of changes over the previous year.

- ◆ Child poverty rose on both relative and absolute income poverty measures. This was the case both before and after housing costs.
- ◆ Child poverty fell when measured by the new material deprivation measure.
- ◆ Income inequality measured by the commonly used 'Gini coefficient' remained unchanged (at the same high level as in 1998/99). Income inequality measured as the share of income by the top and bottom fifth increased both before and after housing costs. After housing costs, the poorest fifth had 5.5 per cent of income, while the richest fifth had 44.9 per cent – nine times as much. Expressed in tenths, the richest tenth had 20 times the income of the poorest tenth.
- ◆ The poverty line is not growing very fast – it grew by just £1 per week in real terms (both before and after housing costs).
- ◆ In real terms, the poorest families got poorer – the median income of the poorest two deciles fell in real terms, by £5 for the poorest tenth and £2 for the second poorest tenth (both before and after housing costs).¹³

More children were poor in 2006/07 than in 2005/06 because the incomes of poor families fell behind a slowly growing median income.

Britain's place in Europe

- ◆ In 1999, Britain had the worst record for child poverty in the European Union (EU). By 2006 (and a larger Union), this had improved markedly (from the worst performer to joint twenty-first, with Italy, Spain and Lithuania), but still five percentage points worse than the average.
- ◆ The Nordic countries do considerably better than the UK, with Finland reporting a 9 per cent child poverty rate and Denmark a 10 per cent rate – this rate is less than half that of the UK.
- ◆ Several larger EU countries also do much better than Britain: Germany had a child poverty rate of 12 per cent in 2006 and France 13 per cent, compared with Britain's 24 per cent.
- ◆ The fact that other countries now do better than the UK, and that the UK has improved its position, demonstrates there is nothing inevitable about the rates of poverty experienced in the UK.

Table 8

Britain's place in Europe

	1999	2003	2006		1999	2003	2006
Belgium	12	16	15	Hungary	-	17	25
Bulgaria	-	18	15	Malta	-	-	19
Czech Republic	-	-	17	Netherlands	14	18	14
Denmark	7	9	10	Austria	14	16	15
Germany	13	-	12	Poland	-	-	26
Estonia	-	20	20	Portugal	26	-	20
Ireland	21	20	21	Romania	-	22	23
Greece	17	21	22	Slovenia	-	9	12
Spain	25	19	24	Slovakia	-	-	17
France	17	15	13	Finland	7	10	9
Italy	22	-	24	Sweden	7	-	14
Cyprus	-	11	11	United Kingdom	29	22	24
Latvia	-	-	25				
Lithuania	-	-	24	EU (25 countries)	19	19	19
Luxembourg	19	15	19	EU (15 countries)	19	19	18

Source: Eurostat¹⁴

Reaching the 2010/11 target

To meet its 2010/11 target, the Government needs to reduce child poverty (on its headline measure) from 2.9 million (2006/07) to 1.7 million children by 2010/11.

This gap of 1.2 million children has grown in size since 2004/05. Spending announcements made in the 2007 and 2008 Budgets, and in the 2007 Pre-Budget Review, have not yet fed through into the data and are likely to narrow this gap. The key announcements made (with the Government's estimate of the impact on child poverty impact¹⁵) are listed below.

	What?	Impact
Budget 2007	Increased the per child element of child tax credit and the point at which tax credits start to be withdrawn with increasing income.	Remove 200,000 children from poverty.
Pre-Budget Review 2007	Increased the per child element of child tax credit and increased the disregard of child maintenance payments for benefit assessment.	Remove 100,000 children from poverty.
Budget 2008	Increased child tax credit, disregarded child benefit for assessing housing benefit and council tax benefit, and brought forward a commitment to increase child benefit to £20 for the first child.	Remove 250,000 children from poverty.

These government measures estimate that 500,000 children will be lifted out of poverty by the target date,¹⁶ leaving 700,000¹⁷ children to be lifted out of poverty in order to be on track for the 2010/11 target.

The Government has committed itself to meeting the target to halve child poverty by 2010/11. This is imminent and can only be met by financial transfers – better employment and service interventions take too long to have an effect. To plug this gap and build the foundation for future progress, CPAG believes the Government needs to invest an additional £3 billion in children’s benefits. This is what is needed to reach the 2010/11 target;¹⁸ beyond this, the Government needs to go much further.

What needs to be done?

The goal of a society free of poverty can only be achieved by *preventing* poverty. Alleviating current poverty on its own, although important in itself and vital to support future progress, is insufficient to reach the 2020 goal. If we are to make sustained progress on tackling poverty, we must seriously engage with income wealth and the wider inequalities that create it. Policy needs to make sustained progress on several specific fronts: improving family incomes, particularly through more generous financial support for families and greater access to better quality employment and more effective services (particularly education) attuned to the needs and circumstances of the poorest families.

The UK ‘safety net’¹⁹ pays less than the poverty line, a shameful contradiction for a Government that has pledged to end child poverty. Even with a massive increase in parental employment, some families will always be without work – for these families, the safety net must provide an adequate income to ensure children are not living in poverty. To its credit, the Government has accepted this logic²⁰ as a 2020 ‘aspiration’ – but an aspiration is far too weak to tackle this reprehensible inconsistency.

Much recent spending has been made through the tax credits system. This investment is welcome, but less attention has been given to child benefit. CPAG believes it is time for a rebalancing of financial support towards the more universal²¹ child benefit. As well as being popular (so a good way of gaining wide public support for investing in children) because there is no means test, child benefit is simple and effective at reaching children in poverty. It does not create work disincentives and overpayments, and nearly all those entitled receive it (which is not true for means-tested tax credits). Child benefit is weighted, however, towards smaller families, despite poverty being higher in larger ones. An effective way of investing in child benefit would be to ‘make child benefit count’²² by increasing the second and subsequent rate of child benefit to the level paid for the first child. This measure would benefit all families with two or more children, and would reduce the number of children living in poverty by 250,000.

We also recognise, however, the importance of child tax credit in supporting family incomes. Child tax credit is more generous than the

previous income support child payments, but there are considerable, ongoing problems with the quality of policy and delivery (including the quality and complexity of information, the difficulty of accessing HM Revenue and Customs services, and weaknesses in legal rights). The Government has recognised some of these problems (and is running a tax credit transformation programme), but change has been painfully slow (tax credits were introduced five years ago) and the quality of the service still too low – faster and more significant administrative improvement is vital.

The close ‘chicken and egg’ relationship between ill-health, disability and poverty means that disability benefits play an important role in anti-poverty policy. As well as disability elements within other benefits and support for carers, there are two key supports: disability living allowance and incapacity benefit. Disability living allowance is not means tested and is paid to assist with additional costs associated with having a disability. It is vital for families, but many miss out because of the complexity of claiming it. There are administrative improvements, such as sharing data better so parents do not have repeatedly to provide the same information, simplified renewals and run-ons where benefit is down-rated, which could help reduce poverty rates.

The Government is replacing incapacity benefit with a new employment and support allowance, and both increasing the stringency of work-search requirements for many claimants as well as narrowing entitlement to claim the benefit in the first place. The rationale offered is that many disabled people wish to work (which is true, so there is no need to force people) and that work is good for people (true only if it is good work – forcing people into inappropriate employment that cannot be sustained does not improve health). The increased conditionality across the whole benefits system not only places vulnerable families at risk (sanctions hit poorer people harder), but is a misdiagnosis of the problem. Increasing conditions, rather than improving support service quality, assumes the barrier to employment is an unwillingness to work. Surveys, echoed in government rhetoric, consistently show this is untrue. The focus on conditionality ignores the weakness of services (such as childcare) and the willingness (or otherwise) of employers to take on disadvantaged groups of people.

As well as providing income to families through cash transfers, the Government can alter who pays what tax. Too often tax is not fair – the poorest families currently pay proportionately more tax than the rich.²³ Regressive taxes include council tax (despite the existence of council tax benefit) and indirect taxes like VAT, and undermine the Government’s efforts to end child poverty. There is strong public support for a fairer way of raising revenue, witnessed by the public backlash following the scrapping of the 10p starting rate of income tax. The Government needs to find (more) resources to tackle social problems, but these additional resources should come from those better able to afford them.

The UK has one of the highest rates of both employment and child poverty in Europe. A move into work does not guarantee a route out of poverty – one in two poor children have a parent in work. Better support

into employment is to be welcomed since many more parents would like to be in work (or in better paid work) and yet face barriers to achieving this. Forcing more parents into work through greater benefit conditions and sanctions, however, is both unfair (hitting the poorest families hardest) and counterproductive (misreading the reasons why people are not in work and scaring some people away from services that could empower them). A better accommodation is needed between employment and family life, with stronger rights to family-friendly working, and better pay to tackle in-work poverty.

As welfare 'reform' places more and more responsibilities onto the most vulnerable families in society, it has ignored the other side of the equation – there is no right to a job. The Government has done remarkably little to place responsibility on employers to reduce discrimination or to offer better terms and conditions. Instead, the public purse provides a huge subsidy to employers paying low wages through the working tax credit. In addition, although it did introduce it, the Government has not increased the minimum wage fast enough to tackle poor pay. Without dealing with the fact that decent jobs are not available in sufficient quantity, attempts to increase the employment rate are likely to fail and may simply result in higher unemployment rolls and more people moving in and out of work. If the 2020 target is to be reached, the Government needs to get serious about the role employers must play in tackling poverty.

Reducing current child poverty and preventing future child poverty requires substantial improvements in the quality of public services, and the extent to which these deliver for the poorest families and support the parenting role. Affordable good quality childcare is still a distant prospect²⁴ for many parents, but is vital to supporting parents into work and to improving child outcomes. CPAG objects to additional benefit conditions as a point of principle and we do not believe more sanctions will achieve the aim of a higher employment rate, but even if policy makers are set on more work engagement conditions, there is a problem in increasing the conditions well before the services on which parents rely to sustain work are in place. CPAG's 2Skint4School²⁵ campaign highlights the educational attainment gap between children from high-income and low-income families. This gap starts at a young age and grows. Educational under-performance is a cause and a consequence of poverty. Narrowing the attainment gap is essential to improving child outcomes and thereby preventing future poverty. Poor quality, overcrowded or temporary housing is also closely linked to poverty, undermining health, employment and educational attainment. Providing better and more affordable homes, therefore, needs to be more closely linked to any child poverty strategy.

The way in which policy is presented is important, both in how it is received by those it is targeted at and by wider society. Politicians from the main political parties have a habit of talking tough on 'welfare', emphasising the need for controls, overstating the scale and risk of fraud and misrepresenting the reasons why people are out of work. For those in poverty, this is frightening. Not only does it put people off

engaging with services that may help them, but it whips up antipathy towards them. In wider society this rhetoric encourages us to blame poor people for their predicament. Playing up to the tabloids fuels pre-existing prejudice and in doing so undermines efforts to address the problem. Implying poverty is the fault of the poor, not the responsibility of us all, does nothing to encourage support for making the necessary investment to tackle it.

Notes

- 1 Speech to the 2008 Labour Party Spring conference
- 2 Speech at the launch of the Conservative policy document, *Making British Poverty History*
- 3 Speech to Liberal Democrat Party conference in Liverpool
- 4 P Townsend, *Poverty in the United Kingdom: a survey of household resources and standards of living*, Penguin, 1979, p31
- 5 Adjusted for family size and composition (so-called 'equivalisation'). This is done on the basis that a larger family needs a higher income to attain the same living standard as a smaller family.
- 6 Prevalence weighting assumes the principle that being without a more commonly held item is a clearer indicator of deprivation than not having a rarer item.
- 7 Higher than the 60 per cent measure to capture the income position of those families experiencing higher costs that reduce their living standards – for instance, with high housing costs or disability-related costs.
- 8 Each is divided by the maximum score and multiplied by 100, giving a continuum of scores between 0 and 100. Those with scores of 25 plus are counted as deprived.
- 9 Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008
- 10 Figures are downloadable from the IFS website, http://www.ifs.org.uk/projects_research.php?heading_id=8
- 11 Drawn from the British Household Panel Survey
- 12 Institute for Fiscal Studies, *Poverty and Inequality in the UK*, 2008, Chapter 5.
See <http://www.ifs.org.uk/comms/comm105.pdf>
- 13 Figures from Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008, Chapter 2
- 14 This measure uses figures before housing costs with a 60 per cent threshold of median income. It uses different data and counts children differently (those under 16 years – the HBAI includes some older children still in education) and so the numbers are not directly comparable with the HBAI figures presented elsewhere.
See <http://epp.eurostat.ec.europa.eu/portal>
- 15 HM Treasury, Budget and Pre-Budget Reports for 2007 and Budget Report 2008, available on the Treasury website at <http://www.hm-treasury.gov.uk>
- 16 Department for Work and Pensions, *No One Written Off: reforming welfare to reward responsibility*, The Stationery Office, 2008
- 17 The Institute for Fiscal Studies suggests a slightly smaller gap of 500,000 children – see *Poverty and Inequality in the UK*, 2008
- 18 First published in D Hirsh, *What Would it Take to End Child Poverty? Firing on all cylinders*, Joseph Rowntree Foundation, 2006. This estimate has been periodically updated, following government spending.
- 19 Of means-tested benefits, tax credits and child benefit.
- 20 See HM Treasury, Department for Work and Pensions and Department for Children, Schools and Families, *Ending Child Poverty: everybody's business*, HM Treasury, 2008, para 5.25
- 21 Some families are excluded because of their immigration status – CPAG believes all children in the UK should be eligible for child benefit.
- 22 See <http://www.makechildbenefitcount.org.uk>
- 23 Figures from National Statistics show that the poorest tenth of working-age households with children paid 41.9 per cent of gross incomes in tax (both indirect and direct), compared with 35 per cent paid by the richest tenth. See F Jones, *The Effects of Taxes and Benefits on Household Income, 2006/07*, National Statistics, 2008
- 24 As a goal, CPAG argues for greater moves towards childcare free at the point of delivery.
- 25 See <http://www.cpag.org.uk/2skint4school>

Appendix

Table 1
Children in poverty on various measures (% of children)

Year	Official measures (all before housing costs)			After housing costs (CPAG preferred measure)
	Relative low income	Material deprivation and relative low income	Absolute low income	
1998/99	26	-	26	34
1999/00	26	-	23	33
2000/01	23	-	19	31
2001/02	23	-	15	31
2002/03	23	-	14	30
2003/04	22	-	14	29
2004/05	21	17	13	28
2005/06	22	16	13	30
2006/07	22	16	13	30

Source: Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008

Table 2
Proportion of children whose parents report they do not have and cannot afford items

		Poorest fifth	2nd	3rd	4th	Richest fifth	All children
Child-level	Outdoor space/facilities to play	25	17	12	8	4	15
	Enough bedrooms for every child 10 years or over and of a different gender	28	17	9	2	3	15
	Celebrations on special occasions	9	4	2	1	0	4
	Leisure equipment such as sports equipment or a bicycle	15	7	2	1	0	6
	At least one week's holiday away from home with family	55	41	22	11	4	32
	Hobby or leisure activity	14	6	2	1	1	6
	Swimming at least once a month	21	12	5	1	1	10
	Have friends round for tea or a snack once a fortnight	15	8	3	1	0	7
	Go on a school trip at least once a term	14	6	3	1	0	6
Go to a playgroup at least once a week	11	7	3	1	0	6	
Parental-level	Money to decorate home	35	21	13	6	2	18
	Hobby or leisure activity	31	22	12	5	3	17
	Holiday away from home one week a year not with relatives	64	48	29	16	6	38
	Home contents insurance	42	20	7	3	0	18
	Friends round for drink/meal at least once a month	29	18	9	5	1	15
	Make savings of £10 a month or more	66	50	29	16	8	40
	Two pairs of all-weather shoes for each adult	19	11	4	1	1	9
	Replace worn-out furniture	51	35	21	13	5	30
	Replace broken electrical goods	42	26	13	6	3	22
	Money to spend on self each week	56	41	23	11	4	32
Keep house warm	17	8	3	2	1	8	

Source: Department for Work and Pensions, *Households Below Average Income: an analysis of the income distribution 1994/95-2006/07*, National Statistics, 2008

**CHILD
POVERTY
ACTION
GROUP**
we support
end child poverty

