# It doesn't happen here

## The reality of child poverty in Scotland

Barnardo's Scotland

CHILD POVERTY BRIEFING

Barnardo's Scotland

we support end child poverty

A member of the Campaign to End Child Poverty

Barnardo's Scotland

GIVING CHILDREN BACK THEIR FUTURE

## Introduction

In March 1999 the Prime Minister made a historic and ambitious pledge to end child poverty within a generation. There are now 600,000 fewer children living in poverty in the UK than eight years ago, for whom quality of life and future opportunities are improving. But far too many children are still left behind. The lives of 3.8 million children in the UK are blighted by poverty.[1] Child poverty in the UK is double what it was in 1979 and is well above the European average.

In Scotland there are 250,000 children living in poverty – this is one in four of our young people.[2] This at a time when the Scottish economy steadily grows. Whilst some considerable progress has been made by the Scottish Executive in tackling poverty across Scotland, that progress is not fast enough. Current government strategies will not be sufficient as presently set out, to meet the national target of halving child poverty by 2010. The most creative of policies will not eradicate poverty if they only focus on income transfers as deeper underlying structural inequalities in society need to be addressed too.[3]

This report is a summary of a wider study (called *It doesn't happen here*) which looks at the lives of the poorest children in the UK, and is based on interviews with over 40 families with whom Barnardo's works. The interviews demonstrate the reality of life for those most deeply mired in poverty. These include children in black and minority ethnic families, those in families struggling on low wages, lone parent families, families affected by disability and large families. The full report also looks at other vulnerable groups, including children in asylum-seeking families, children in poor housing and young people living independently.

## The problem: inadequate incomes and low wages

In 2005/06 a couple with two children living in the UK spent on average £642 a week.[4]

The families interviewed for the Barnardo's *It doesn't happen here* report had incomes far lower, and in most cases well below the government's own poverty line.[5] For example Jill aged 17, from Glasgow lives on her own and is putting herself through college on £75 a week, when a single person is considered to be in poverty if they are living on less than £100 per week.[6] It is also worth noting that:

- in Scotland, one in five families are missing out on tax credits through lack of benefit uptake to which they are entitled – this is estimated to be worth £70 million per year[7]
- in Scotland, 52 per cent of children in poverty live in households with at least one earner.[8] Ending child poverty requires redistribution through the tax and benefits system to provide an adequate safety net and to make work pay
- in Scotland, 30 per cent of low pay jobs are located in the public sector[9] and the Scottish Executive can exercise significant influence here to improve the situation. Low paid work needs to be meaningfully addressed if families seeking to 'better themselves' and move out of poverty are to find a lasting solution in the world of work
- in Scotland, research carried out by a coalition of children's charities estimates that 100,000 children and young people now live in fuel poverty in Scotland as a direct result of price rises.[10]

## Keeping the child poverty promise

**By investing an extra £3.8 billion**

Keeping its promise to halve child poverty by 2010 will require the government to spend a total of £3.8 billion more across the UK by 2010 than currently planned. On current policies, there is little prospect of the 2010 target being hit – either in Scotland or across the rest of the UK.

The Institute for Fiscal Studies has estimated that the additional £1 billion spending on tax credits announced in the 2007 Budget will reduce child poverty by a further 200,000 by 2010. This will mean the government missing its target to halve child poverty by some 900,000 children.

Further, the Institute for Fiscal Studies, taking account of 2007 Budget changes, estimates that the 2010 target could be achieved by increasing the child element of child tax credit by a further £11 a week at 2007 prices, and giving an extra £20 per week for the third and subsequent children through the family element of the child tax credit.

By investing this additional £3.8 billion on benefits and tax credits the government could meet the 2010 target. But a wider range of policy responses is necessary to tackle the root causes of child poverty – to remove barriers to work, to ensure that work pays and to ensure that children in poverty are equipped to escape their parents' fate and avoid bringing up their own children in poverty.

### By giving wider help to families

The £3.8 billion is vital to meet the 2010 target but other solutions are equally important, especially if the pledge to abolish child poverty by 2020 is to be met.

**Employment** – the case studies show that most parents want to work and saw this as a way out of poverty but experienced real barriers to getting a job and staying in it. The lack of 'soft' skills and qualifications keeps many parents, especially lone parents, out of the labour market. However, work is not a guaranteed route out of poverty and case studies show how low wages and the high costs of childcare mean that many parents are often no better off in work. The Scottish Executive is aware of this problem and has implemented targeted support programmes to address these issues. Such programmes need to continue under a new administration but need to sharpen their focus on the barriers 'low wages and high childcare costs' present for those seeking to return to work.

**Childcare** – through the establishment of Sure Start and other childcare initiatives, the Scottish Executive has demonstrated its commitment to increasing the availability of quality early years provision in Scotland. However, more remains to be done to expand and build on this success. Case studies show how the lack of appropriate and affordable childcare continues to be a barrier for parents who want to go back to work. Help with childcare costs is available through the tax credit system but the high costs of childcare, especially for families with disabled children or those caring for more than two children, have the effect of either keeping families out of the labour market or leaving them no better off in work.

**Poverty in school holidays** – for the majority of children in Scotland and the rest of the UK, school holidays mean holidays away from home and exciting events and trips. For families on a low income, like the ones interviewed for this report, they mean extra hardship – costs on essentials like food go up but income doesn't. Holidays become a time of 'survival'. Compensating families for the loss of free school meals in holidays would help ease the financial pressure and enable families to provide some sort of positive experience during holidays.[11]

**Fuel poverty** – a 91 per cent increase in the retail price of gas since 2003 and a 60 per cent increase in electricity prices have seen a dramatic escalation in the numbers of households living in fuel poverty. It is estimated that 3.5 million households[12] in the UK are living in fuel poverty. This is exemplified by the families we interviewed, many of whom were struggling with high fuel costs. They were paying more because many used pre-payment meters (PPMs) to help with budgeting. Across the main suppliers, gas PPM customers pay an average of £70 more per year than customers on direct debit and electricity customers an average of £103 more per year.[13] If the Westminster government and the Scottish Executive are to meet their targets to eradicate fuel poverty for vulnerable groups by 2010 and for everyone by 2016, they must work with energy suppliers to ensure that all customers are on the cheapest tariffs and not penalised because of their method of payment.

**Debt** – many of the families interviewed were in debt – either to doorstep lenders or friends and family. Many of these loans were to cover the costs of Christmas, birthdays and essential household goods. Lenders, including some reputable high street names, are charging between 160 and 800 per cent interest a year on loans, trapping families in a vicious cycle of debt.[14] The Government must give priority to ending the financial exclusion of low-income families including ensuring that high street banks play their part.

## References


1 *UK Households Below Average Income survey for 2005/06* Department for Work and Pensions, 2007
2 *Households Below Average Income survey for 2005/06* – SCOTLAND – Scottish Executive 2007
3 *Poverty in Scotland 2007*- Child Poverty Action Group, London 2007
4 Office for National Statistics – www.nationalstatistics.org.uk
5 The report uses the same definition of poverty as used by the Government in *Opportunity for All* (DWP, 2002). The poverty line is 60 per cent of median income level – where the median is the level of income after direct taxes and benefits, adjusted for household size, such that half the population is above the level and half below it. This definition is a standard that changes as median income levels change; it is a measure of relative poverty. People living in poverty are defined as those living on less than 60 percent of median income, after housing costs.
6 *Poverty in Scotland 2007*- Child Poverty Action Group, London 2007
7 *Poverty in Scotland 2007*- Child Poverty Action Group, London 2007
8 *Households Below Average Income survey for 2005/06* – SCOTLAND – Scottish Executive 2007
9 *Poverty in Scotland 2007* – Child Poverty Action Group, London 2007
10 *Update figure for children living in fuel poverty* (2006) Barnardo's, CiS, CPAG, Save the Children, Capability Scotland
11 This will cost DWP, £98 million for England , £6 million for Wales, £9.5 million for Scotland and £5 million for Northern Ireland for primary and secondary school children. This would cost DWP about £90 a child in the UK for 13 weeks of school holidays
12 *UK Fuel Poverty Monitor: are fuel poverty targets out of range*, May 2006
13 *National Energy Action and Energy Action Scotland*, 2006
14 From http://www.debt-on-our-doorstep.com/DooD_Leaflet_final.pdf

## Case study

The following case study is just one example in Scotland which typifies the situation many families find themselves in through no fault of their own.

### Rose – Barnardo's Youth Involvement Project, Glasgow

*Rose is a single parent with three boys under 17 living at home. She is registered disabled and receives incapacity benefit and disability living allowance. She also suffers from chronic depression and she and all her boys have asthma. The house is unsuitable for the family as it is a five-apartment, three-level house. She finds the upkeep difficult:*

***I've been in this house 14 years and it's never been wallpapered from the day I moved in - no central heating and no possibility of me getting carpets or lino as it's too expensive. I can't get anyone to decorate, I can't afford it.***

*Rose spends £25 a week on gas and electricity but the house is still cold and this is affecting the family's health.*

*Draughts come through the doors and it affects everyone in the house here because we're constantly cold all the time. It's frozen, we've only got the gas fire, there's nothing in the rooms so you have to get wrapped up at night because it's so cold.*

*The Youth Involvement Project in Glasgow tackles poverty and unemployment through working primarily with the young people in families such as Rose's. It aims to provide individual support and a mentoring programmes for young people at risk. The young people are supported in education and in their search for training and employment.*

All names have been changed to protect identities.

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Copies of the main report *It doesn't happen here – the reality of child poverty in the UK* are available from Barnardo's head office, tel: 020 8498 7750

For further information visit:
www.barnardos.org.uk/poverty

Barnardo's Scotland is asking the government to keep its promise to millions of children to end child poverty within a generation. We call on the Westminster government and the Scottish Executive to act.

### UK government

- Invest £3.8 billion to meet the promise to halve child poverty by 2010 and in future, increase benefits and tax credits in-line with earnings to stop the incomes of the poorest families falling further behind.
- Establish a UK commission on ending child poverty, preferably chaired by the Prime Minister or Chancellor, which would deliver a road map setting out the investment and policies needed to hit the 2020 target.
- Aim all governmentfunding and programmes at benefiting the poorest children the most.
- Tackle the additional hardship in school holidays by compensating families whose children get free school meals, for the loss of these during the school holidays.
- Tackle fuel poverty by working with the private sector to make sure that all customers are on the cheapest tariffs for utilities and are not penalised if they cannot take advantage of payment schemes such as direct debit.

### Scottish Executive

- Establish an appropriate mechanism to mirror a UK Commission to implement change in Scotland as appropriate to the devolution settlement.
- Extend access to high quality childcare by ensuring adequate funding to sustain childcare provision in disadvantaged communities. Reliance on the market alone will not deliver for our poorest families.
- Extend free meals to children with parents on the maximum working tax credit; likely cost is approximately £30 million, depending on uptake.
- Encourage local authorities to provide affordable and age-appropriate holiday activities for all children.