It doesn’t happen here

The reality of child poverty in the UK

By Neera Sharma with a commentary by Donald Hirsch

we support end child poverty

A member of the Campaign to End Child Poverty
‘Living in freezing temperatures’, ‘mothers surviving without food to feed their children’, and ‘scraping for pennies to buy warm clothes’.

These aren’t tales from Dr Barnardo’s time. This is 2007.
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Our greatest debt of gratitude is to all the families across the UK who told us about their experiences of bringing up children on a low income.

All names in case studies have been changed to protect their identities. Photos are of models.
This Government’s 1999 pledge to end child poverty in a generation was its boldest, most exciting and potentially most far-reaching social goal.

Barnardo’s congratulates the Government on investments such as Sure Start and Tax Credits which have helped to lift 600,000 children out of poverty in the last eight years. That was a remarkable achievement, and a tremendous start. But progress has now stalled.

3.8 million children in the UK still live in poverty. In his commentary, Donald Hirsch shows that – without additional investment – the Government is likely to miss its target of halving child poverty by 2010 not by just a few thousand, but by 900,000. So we can expect almost a million more children in poverty in 2010 than we anticipated in 1999.

And this, in the fifth richest nation in the world.

Barnardo’s witnesses every day the impact on children and families of living in grinding poverty. Children missing out on what most would consider essentials – a good diet, a warm home, school trips, books, birthday treats. Children suffering bullying, isolation and a deep poverty of ambition. These effects can last a lifetime – children growing up in poverty have worse health, worse exam results and, very frequently, will end their adult lives still in poverty. A child born in the 1970s was less likely to escape poverty than a child born in the 1950s. Child poverty now can be a life sentence: that is why investment to reduce it is so vital.

Bringing up children without sufficient money is cruelly difficult for parents who see their children going without so much which other children take for granted. Those we spoke to for this report spoke clearly of their anxiety, frustration and hopelessness. As one of our Mums, Heather, says: ‘You don’t expect life to get any better; you just struggle all the time. You think this is life.’

But things can get better. And they must. The Institute for Fiscal Studies calculates that an additional £3.8 billion, two thirds of 1 per cent of this year’s public spending and less than half the £9 billion paid in City bonuses last year, is needed to halve child poverty in a decade. If Government chooses not to make this investment, we all suffer. Growing inequalities threaten to undermine the fabric of society. And allowing cycles of poverty to continue will bring not just moral but economic costs – a recent US study estimated that children growing up poor cost the US economy $500 billion a year, or nearly 4 per cent of GDP. Barnardo’s and the Campaign to End Child Poverty believe there is a similar economic imperative to reduce child poverty here. And the moral case is self evident: a rich society such as ours is shamed if it chooses not to make the investment necessary to give poor children a brighter future.

Shortly we shall have a new Prime Minister. Gordon Brown’s determination to forge a fairer, more inclusive society is not in doubt. He has a unique opportunity. His actions as Prime Minister could make the United Kingdom a better place for our children.

Martin Narey
Chief Executive, Barnardo’s and Chair of End Child Poverty
Executive summary

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 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 — I in 3 — are blighted by poverty. Child poverty in the UK is double what it was in 1979 and is well above the European average. After a slow but steady fall in child poverty from the late 1990s, progress now appears to have stalled and on current policies there seems little prospect of the Government meeting its milestone target of halving child poverty by 2010.

This report looks at the lives of the poorest children, based on interviews with over 40 families with whom Barnardo’s works in different parts of the UK. 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 report also looks at other vulnerable groups, including children in asylum-seeking families, children in poor housing and young people living independently.

The case studies illustrate the daily grinding struggle that low-income families face in providing a decent childhood for their children.

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. The families interviewed for this report had incomes far lower, and in most cases well below the Government’s own poverty line. For example, Heather, a lone parent with three children, is living on benefits of £210.44 a week, or £40.56 below the Government’s own poverty line. And Jill, aged 17, lives on her own and is putting herself through college on £75 a week.

Poverty does not only affect children whose parents are out of work. More than half of poor children in the UK live in families with at least one earner. Ending child poverty requires redistribution through the tax and benefits system to provide an adequate safety net and to make work pay. It also requires long-term solutions to address the causes of poverty.

Details of poverty figures and projections can be found in Appendix 2.

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 by 2010 than currently planned. On current policies, there is little prospect of the 2010 target being hit.

What would the £3.8 billion investment mean?

With the additional £3.8 billion investment there could be by 2010, (compared with 2004/05):

- 320,000 fewer poor children in lone-parent families.
- 90,000 fewer poor children in two-parent families where one parent works full-time and the other parent does not work.
- 240,000 fewer poor children in families with a disabled adult.
- 50,000 fewer poor Pakistani and Bangladeshi children.
Without the additional £3.8 billion investment there could be by 2010 (compared with 2004/05):

- 70,000 more poor children in two-parent families where one parent works full-time and the other parent does not work.
- 40,000 more Pakistani and Bangladeshi children living in poverty.
- 30,000 more poor children in lone-parent families.

In his commentary in this report, Donald Hirsch reminds us that ‘the battle to reduce child poverty has reached a critical juncture’.

The key drivers for the fall in child poverty to date – more generous tax credits and benefits and welfare to work policies, will see diminishing returns. This is both because the families lifted out of poverty thus far are likely to have been the easiest to help and because the current system for increasing benefits and tax credits allows benefit incomes to fall relative to average earnings.

To meet the Government’s target to halve child poverty (defined before housing costs) the number of children in poverty needs to fall from 3.4 million in 1999 to 1.7 million in 2010. It is currently 2.8 million and needs to fall by a further 1.1 million. The Institute for Fiscal Studies (IFS) 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 by some 900,000 children.

On the basis of further estimates by the IFS, which take account of changes in the 2007 budget, 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 families an extra £20 per week for the third and subsequent children through the family element of the child tax credit. This would mean the Government spending £3.8 billion more in 2010 than currently planned.

What does this mean for individual groups of children? A further breakdown of the estimates from the IFS shows the prospects for the most vulnerable children with and without the extra £3.8 billion spending (Figure 1).

**Figure 1: Projections of child poverty risks to 2010**

The first two bars for each group show that for most groups of children the risk of poverty will change relatively little between 2004/05 and 2010 under present policies. A stark exception, however, is children from Pakistani and Bangladeshi families, whose already high risk of poverty is very likely to increase. The most recent poverty figures published in March 2007 seem to show that poverty for this group is rising, and the IFS projections suggest that this will continue, with about two-thirds in poverty by 2010.

By giving wider help to families

By investing an additional £3.8 billion in 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 now are equipped to escape their parents’ fate and avoid bringing up their own children in poverty.
Employment – the case studies show that most parents wanted 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 Section 3 shows how low wages and the high costs of childcare mean that parents like Wilson are often no better off in work than on benefits.

The Government is right to focus on work as the best route out of poverty. But at present getting a job too often means moving from workless poverty to working poverty. As the recent report of the Equalities Commission made clear, women and many ethnic minorities still face structural disadvantage in the labour market. Employers need to take their responsibilities more seriously to enable working parents to combine work with parenting responsibilities. And to achieve the high skill, high productivity workforce necessary for the UK to compete in the global economy, parents who have been most disengaged from the labour market need targeted help to get and to progress in work.

Childcare – all four UK governments have made a significant investment in expanding high quality childcare, particularly in disadvantaged communities, through programmes such as Sure Start Local (now children’s centres) and the Neighbourhood Nurseries Initiative. This has enabled many poorer parents to access childcare and to return to work – 92 per cent of parents using neighbourhood nurseries said that this helped them to work, with 22 per cent saying they could not have worked otherwise. The impact was greatest on disadvantaged groups, including lone parents and those with no or low qualifications.

Sure Start Children’s Centres and Neighbourhood Nurseries benefited from start-up funding, enabling them to offer subsidised or even free places to the most disadvantaged families. New research raises doubts about the sustainability of such provision, particularly in poorer communities. As start-up funding tapers off, nurseries are increasingly charging market rates, reducing staff numbers and offering full-time places instead of part-time ones. Some may even have to close.

The 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 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 experiences during holidays, such as a trip to the cinema or a day out, and build on the government’s initiative to offer two weeks of part-time holiday provision for children eligible for free school meals.

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. In 2005/06 housing fuel and power accounted for almost one fifth of spending in the UK by households at the bottom of the income distribution compared to one fourteenth for those in the top fifth.

It is estimated that 3.5 million households 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. Some suppliers have recently cut prices in response to the fall in wholesale energy prices – but customers using PPMs have benefited less than others, or not at all. The poorest are being penalised for taking prudent steps to manage their money so that they are able to pay for their gas and electricity as they use it.

If all four UK governments are 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, to the Social Fund, 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 per cent and 800 per cent interest a year on loans, trapping families in a vicious cycle of debt. The Government must give priority to ending the financial exclusion of low-income families. This includes a radical review of the Social Fund, which is failing to meet current levels of demand: with reform it could promote the financial inclusion of poor families. Banks also need to play their part.

The way forward

Barnardo’s 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 where appropriate, the devolved governments of Northern Ireland, Scotland and Wales, to do the following:

- 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, chaired by the Prime Minister or the Chancellor, which would deliver a road map setting out the investment and policies needed to hit the 2020 target.
- Aim all government funding and programmes at benefiting the poorest children the most.
- 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.
- 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 and working with local authorities to ensure that affordable and age-appropriate holiday activities and childcare are available for all children.
- 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.

For a full set of recommendations see Appendix 1.
Section one
Commentary by Donald Hirsch

A bold ambition and the individual lives that lie behind it

The Government’s target of ending child poverty in a generation is its most ambitious social goal. Eight years after the Prime Minister made this pledge, the number of children living in families with low incomes has fallen substantially. However, there remains a long way to go, and the latest evidence seems to show that child poverty has now stopped falling. Analysis by the Joseph Rowntree Foundation shows that continued progress will be tough, requiring both a significant amount of extra public redistribution and a large improvement in the opportunity for parents to support their own families by getting decently paid jobs.

One thing that is clear from this analysis is that a solution based simply on a mechanistic redistribution of resources to families whom the government calculates to be poor, though essential, is not enough on its own. A long-term, affordable strategy needs to employ a range of measures to help improve families’ lives and the opportunities open to them. Access to training, qualifications, transport and childcare for example can influence access to jobs that in turn can help lift families out of poverty.

In order to understand both the nature of the hardship that poverty is causing and the nature of the solutions needed to tackle it, we need to understand the experiences of families facing different kinds of difficulty. This report makes a contribution to that understanding, by looking at children in a range of circumstances. It considers for example what it is like to bring up a child with disabilities on a low income; what extra stresses are faced by lone parents; what has been the experience of poverty of children from different ethnic backgrounds; how it feels to grow up in poor housing or with uncertain immigration status.

Such categories often overlap, and it is impossible to define a child’s experiences simply by which ‘group’ they belong in: everyone’s situation is unique. Nevertheless, it is useful to consider the overall profile of individuals sharing certain characteristics that increase the risk of facing poverty and related hardships, alongside examples of difficulties faced by individual families. At the end of each chapter profiling groups in this way, this report looks at what kinds of solutions would help families within each group, including the particular families described.

Thus, by meeting the Roberts family (Section 5), we witness the pressures on parents who have to look after disabled children. In this case, those pressures have had a devastating impact on the family’s life, including loss of job and home. In considering solutions, we see how this tragedy might have been averted through early intervention to give necessary support.

But not all of the families we meet in the pages that follow have ‘catastrophic’ lives. The everyday pressures experienced by a lone parent such as Heather (Section 4), who has never been able to take her children on holiday and has suffered from depression, reflect the situation.
of thousands of families throughout the country, for whom lack of income contributes to steady, persistent hardship. Like many lone parents, she has made unsuccessful efforts to re-enter the labour market. She might have benefited from greater support.

Getting into employment is not, however; the whole story. Just over half of children on low incomes have at least one parent who works, and low pay remains a serious problem. In Section 3 we hear how Wilson, a single widower bringing up two young children, works full-time, but on the minimum wage, and is plagued by debts and high childcare costs, and cannot afford to buy the things his children need.

This report also tells stories showing how having a large family, living in poor housing or being an asylum seeker can affect a child’s experience of poverty. It relates particular experiences of families from minority ethnic groups and also briefly considers the consequences of child poverty for young adults.

To set the scene for this discussion, the remainder of this commentary gives a brief overview of child poverty in the UK, of efforts so far to tackle it and of what more needs to be done.

Why do 3.8 million children in the UK live below the poverty line?

Poverty in the United Kingdom is conventionally defined as having a household income below 60 per cent of the median; this is to some extent an arbitrary indicator of the complex phenomenon of poverty, but is useful because it allows us to monitor how the incidence of relatively low income is changing, in total and for specific groups. A relative income measure encapsulates the widely shared view that nobody should have a standard of living that falls too far below the contemporary norm, and by implication that everyone in society should share in the fruits of steadily growing prosperity.

In 2005/06, 2.8 million children were in poverty on this measure, before housing costs are taken into account. But 3.8 million were in poverty when looking at how much income their families had left after deducting housing costs (‘after housing costs’ or AHC).\(^{27}\) The after housing costs measure gives a better picture of the net disposable income that helps determine everyday standards of living, and is the measure primarily used in this report.

The level of child poverty has come down in recent years, with 600,000 fewer children in poverty on both measures than when the government announced its target of ending child poverty in early 1999. Yet it is still double what it was in 1979 and remains above the European average, and the recent reduction in poverty appears now to have come to a halt (see below). Some countries, particularly the Nordic countries, have child poverty rates well under half those of the UK. Three factors in particular underpin our high child poverty levels:

- The relatively large number of children living with lone parents, who are less likely to work than in most countries. Half of children in poverty in the UK live with lone parents.

- Wage inequalities in the UK that widened greatly in the 1980s and remain high. Low pay in the UK contributes to poverty; just over half of children in poverty have parents who work.

- Relatively low levels of financial support for children and for out-of-work families. Targeted improvements in recent years have not yet succeeded in containing child poverty to the same extent as government intervention in some other countries. For example, as shown in Figure 2, child poverty measured before government redistribution in Sweden is similar to the UK. However, since Sweden’s benefits system is much more generous, fewer children than in the UK end up in poverty once these government transfers have been taken into account.
What does it mean to a child to be in poverty in the UK?

Children in poverty in the UK lack many things. Most obviously, their families lack income. The children themselves lack access to various material things and activities that their friends take for granted. Perhaps most importantly, many children in poverty lack dignity and hope.

The income threshold that defines poverty varies according to family type. For example, a lone parent with two children aged 5 and 14 would need £223 a week after housing costs to get above the poverty line; a couple with children the same age would require £301 (in 2005/06).

No child in the UK can’t afford to eat. But many have seriously depleted diets and many suffer material deprivation. For example, about 200,000 children have parents who cannot afford to buy meat or fish every other day, and about 150,000 who cannot afford to buy them a waterproof coat. Many more are unable to participate in those things that their friends take for granted. About two in five lone parents are unable to take their children on outings or buy them gifts to take to parties.28

Most importantly, many children grow up persistently poor, having to go without things that others around them have. While for some, poverty is a transitory experience, for most of those who are poor at any one time, it is something they are used to. Over two-thirds of those classified as poor at any one time have been in poverty for at least three of the past four years.

Where and for whom are the risks greatest?

Child poverty is not evenly distributed across the United Kingdom. Being a member of a particular group, or living in a particular area, affects the risk that a child will be poor:

- Being in a lone parent family, having no parent who works, being in a large family and being in certain ethnic groups all increase the risk.

At a geographical level, the relative risk does not vary overall by much in the four constituent parts of the UK: differences in the headline figures for England, Scotland, Wales and Northern Ireland are small. A more notable feature when comparing these totals is that they have come down more rapidly in Wales and Scotland than in England. In Wales, the child poverty risk has gone from being greater than the UK average to about the same, and in Scotland from being around average to slightly below.29
Within English regions, there are considerable variations. In London, a child is nearly twice as likely to be in poverty as in the rest of the South East. And the relative risks are far greater when looking at particular local authorities and especially wards and neighbourhoods.\(^{30}\)

**Figure 3: Children at risk of poverty**

Figure 3 shows a range of factors to do with place and family characteristics that cause the risk of child poverty to be above average. Obviously, when more than one of these are combined, the effects are even greater. The graph shows that not having a working parent remains the most important predictor of child poverty, and clearly in neighbourhoods where large numbers of families spend long periods on out-of-work benefits, the risks are particularly acute.

**What has brought child poverty down?**

The child poverty rate fell slowly but steadily from the late 1990s until recently (see Figure 4). Such a long continuous fall in child poverty has not previously been witnessed in the nearly half a century since the relevant data on income distribution have been collected,\(^{31}\) and government policies have contributed to this trend.

The two key drivers of this fall have been a reduction of the number of children in families without work, and an increase in the levels of tax credits for people on low incomes, inside and outside work.

Much emphasis has been put on the impact of ‘welfare to work’ policies. These have made a contribution, and in particular; the rise in the chance of a lone parent having a job, from 45 per cent to 56 per cent under the present Labour administration, is an unprecedented shift. However, the fall in the number of families without work accounted for only a small proportion of the reduction in poverty between 1998/99 and 2004/05 — on one estimate for only one child in six who escaped poverty.\(^{32}\) Many families who have entered work struggle on low wages or work relatively few hours, and so have not in fact escaped poverty.

**Figure 4: Child poverty (millions, after housing costs)**

A much bigger factor has been the impact of tax credits, which have significantly reduced the chance of a child with a working parent being poor, and modestly reduced the chance that a child with a non-working parent is poor. The strongest effect is on the probability of a child with a lone parent who works part time being below the poverty line: this fell from 45 per cent to 27 per cent in the 1998–2004 period.\(^{33}\)
Central government policies play a crucial role, both by setting the structure of welfare to work measures and in determining the amount of redistribution that takes place through the tax credit and benefits system. However, policies and practices at all levels of government can play a part. Job prospects depend on the strength of local economies, on opportunities for transport and childcare that enable parents to work, on action in local communities and in the long term on education and qualifications. Devolved administrations, regional bodies and local government all have a part to play in these policies.

It is beyond the scope of this report to enumerate all the actions that need to come together to create better-functioning communities that can contribute to ending child poverty. However, two phenomena illustrate the degree to which it is not just a task for the Westminster government.

First, it is notable that in Scotland, Wales and Northern Ireland there have been elements of a distinctive approach to tackling child poverty. Scotland’s programme for ‘Closing the Opportunity Gap’ takes a six-pronged approach to reducing child poverty that is heavily weighted towards ‘prevention’. In particular, this programme aims to support sustained employment for at-risk groups, a strategy now being taken up elsewhere in the UK. In Wales, the relatively rapid fall in child poverty appears to coincide with the advent of the Welsh Assembly, which has aimed to target particular communities, such as the Valleys, where worklessness has been most concentrated, thus taking a more geographically focused approach. In Northern Ireland, there has been a particular emphasis on reducing worklessness rates overall, which are much higher than in the rest of the UK but have been falling more quickly.34

A second point to note is the importance of local conditions in affecting barriers to work. These are particularly important in London, where difficulties in finding affordable childcare and high rents (which affect returns to work due to the loss of housing benefit) have contributed considerably to high levels of child poverty – which uniquely among English regions have failed to come down in recent years. Local authorities need to work closely with partners in the public and private sectors to improve the ‘infrastructure’ that influences opportunities for parents to work, and the flexibility for parents to balance their economic priorities with domestic responsibilities.

What more needs to be done?

The battle to reduce child poverty has reached a critical juncture. It became apparent in 2006 that under present policies, the steady fall in the child poverty rate seen in recent years is likely to come to an end:35 This analysis has been corroborated by a flattening in the downward trend, evident in Figure 4, previous page. The apparent small rise in the child poverty total in the data released in March 2007 was disappointing. However, the rise was not statistically significant,36 and a single year’s data should be interpreted with caution. But the figures are consistent with the hypothesis that, since the last big hike in tax credits in 2003, the downward trend in child poverty has not continued.

A flattening out of child poverty at the present level would leave about twice as many children in poverty as there were a generation ago, at a level that is widely considered unacceptable.

Behind these projections are several harsh realities:

* We still have a system for increasing benefits and tax credits which allows the incomes of people depending on them to fall relative to average earnings. More generous upratings, which are needed in the long term to tackle poverty effectively, imply considerable extra costs to the Exchequer compared with current plans. Put another way, if the regular uprating method continues to give zero
real growth in certain benefits, poverty targets will become progressively harder to hit as median incomes rise in real terms. The poorest families will fall further and further behind the affluent majority.

Continued progress in getting more people into jobs, in particular lone parents, can have a positive impact, but progress on this front will not be rapid. In the medium term, on an optimistic scenario, the welfare to work effect on child poverty will barely be enough to offset the effect of not uprating benefits and tax credits as fast as the growth in average earnings, referred to above. Moreover, a strategy of bringing more people into the labour market will only be sustainable with intensive investment in helping those who need support. As has been suggested by the recent Freud review, this will be hard to reconcile with current cuts in the DWP budget.

In the long term, it will only be possible to reduce child poverty at an acceptable public cost if increases in benefits/tax credits through redistribution of income are combined with improved opportunities in work for the worst off. This means not just more people getting jobs, but an improvement in earnings that helps reduce working poverty without excessive dependence on tax credits. Part of this depends on employers taking a share of responsibility by ending poverty wages. To some extent, the tax credit regime allows employers to pay staff poorly, in the knowledge that the government will supplement their employees’ wages.

But it also requires the next generation of parents to get better qualifications, and hence depends on improved outcomes from the education system. It is also desirable to reduce the number of people facing very high effective marginal tax rates as they lose tax credits and benefits when income rises, a potential disincentive to progressing in work and earning more.

This shows the need for a mix of policy responses to combat poverty. In the medium term, it implies more redistribution and better-resourced welfare to work programmes. In the longer term, it raises wider issues about the factors that influence opportunities from one generation to the next, most particularly how to overcome severe inequalities in outcomes in education for children from different social backgrounds.

The sections in this report consider particular ways in which different groups of children can be helped in the near future. To put these in context, it is worth considering what the trend is likely to be for disadvantaged groups under present projections.

What are the immediate prospects for different groups of children?

The Joseph Rowntree Foundation’s (JRF) assessment of future trends in child poverty estimated in 2006 that it would be necessary to spend about £4.5 billion more on benefits and tax credits than under present plans by 2010 to meet the target of halving child poverty from its 1998/99 level. Even taking into account extra resources put into tax credits in the 2007 Budget, around £4 billion will still be needed (see Box A overleaf). These estimates assume that the government gets most of the way to meeting its 2010 target of increasing the lone parent employment rate to 70 per cent. Specifically, they assume a 67.5 per cent employment rate for lone parents. This would require a rise of 11 percentage points between 2006 and 2010, or nearly three percentage points a year. This is three times as fast as the rate of increase over the past 14 years, and the assumptions made in the JRF’s modelling are thus already very optimistic about the success of welfare to work policies.
It doesn’t happen here

BOX A: 

The 2007 Budget and the 2010 child poverty target

In 2007, the Chancellor announced a number of measures to tackle child poverty. The most significant was a rise of £3 a week above the normal increasing in line with earnings of the child element of the child tax credit, which goes to families on low incomes. This will cost £1 billion by 2009. The Institute for Fiscal Studies (IFS) confirms the Chancellor’s estimate that this change in the 2007 Budget will reduce child poverty by about 200,000. Specifically, the IFS projected in 2006 that child poverty in Great Britain would fall only marginally, from 2.7 million in 2004/05 to 2.65 million in 2010/11 (using the government’s preferred poverty measure). Based on the Budget increase, it now projects a more substantial fall, to 2.47 million.

But this would still be a long way above the target of 1.6 million in 2010, half of what it was when the target of ending child poverty was announced. For the extra 900,000 children to be taken out of poverty, a similar package to that originally suggested by the Joseph Rowntree Foundation would be needed. For example, the target could be achieved by increasing the child element of child tax credit by a further £11 a week in 2007 prices, and giving families an extra £20 per week for third and subsequent children through the family element of the child tax credit. This would cost £3.8 billion, half a billion less than the earlier estimate. If the extra £20 was channelled through child benefit for the third and subsequent children to help large families, this would cost £4.2 billion, compared to £4.7 billion in the earlier projections.

Even with such optimism, the JRF argued in 2006 that without extra investment, the fall in child poverty is likely to cease. This analysis was confirmed by the 2005/06 poverty figures, published in March 2007, which showed no further fall in poverty but rather the small, though statistically insignificant, rise referred to above. As set out in Box A, the increase in tax credits announced in the 2007 Budget should start moving child poverty downwards again, but nowhere near enough to meet the 2010 target. This will require at least about £3.8 billion more to be allocated to similar measures.

What does this mean for individual groups?

On the basis of further estimates supplied by the Institute for Fiscal Studies, Figure 5a looks at the prospects for children with various characteristics, with and without the extra spending package suggested by the Rowntree report. It should be emphasised that these estimates are based on projecting risks for individuals based on existing characteristics and behaviours, and must be taken as indicators of what might be, not as firm predictions.

Figure 5a: Projections of child poverty risks to 2010

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It doesn’t happen here
The first two bars for each group in Figure 5a show that for most groups of children, the risk of poverty will change relatively little between 2004/05 and 2010 under present policies: the projected 8.5 per cent fall overall, from 2,700,000 to 2,470,000, will not produce a significant change for all groups: for some, the risk of poverty will stay about the same. A stark exception, however, is children in Pakistani and Bangladeshi families, whose already high risk of poverty is set to increase further, from 57 per cent to 65 per cent. Indeed, this rise is already shown in the most recent poverty figures published in March 2007. Pakistani and Bangladeshi families have a low employment rate, have on average more children than families overall and are severely affected by the failure to uprate benefits in line with earnings.

Figure 5a also shows that, by spending a total of £3.8 billion a year more than presently planned, the prospects of vulnerable groups could be improved greatly by 2010. This amounts to an increase equivalent to less than 1 per cent of public spending (or 0.3 per cent of current GDP).

To put these changes in context, Figure 5b looks at three examples of groups of children in terms of their changing prospects over the first decade of government targets. All could see an end to the improvement of their fortunes under present policies, even after the 2007 Budget. For children of lone parents, this would not involve giving up most of the gains seen to date. In particular, the benefit of having more lone parents in work would persist. However, for a child of a single-earner couple, about half of the (relatively small) reduction in poverty risk since 1998/99 would be lost under this scenario.

This leaves the Government with a very serious challenge. Whether or not it meets its demanding targets, can it at least maintain the momentum in tackling child poverty that it has achieved in recent years? To do so, it will need to take some big decisions, as well as many smaller ones. The big decisions involve coming up with substantial extra resources, continuing and expanding the increases made in the 2007 Budget. The many smaller actions involve addressing the particular problems of the groups described in this report, and taking the measures necessary to address their needs. The stories of individual hardship, frustration and loss of dignity that are related on the pages below remind us why a renewed commitment to tackling poverty is not just a desirable policy move but a duty for all of us in a rich, enlightened society.

Figure 5b: A reversal of fortunes? Poverty risks of selected groups, 1998 – 2010
Section two
Poor children in black and minority ethnic groups

Poverty rates vary enormously according to the ethnicity of the household. Sixty-seven per cent of children in Pakistani and Bangladeshi families, 51 per cent of black and black British children and 48 per cent of children in Chinese or other ethnic groups live in poverty – compared with 27 per cent of white children. This presents the government with a serious challenge – without targeted policies, ethnicity will continue to determine children’s life chances.

The facts

Worklessness is one of the key drivers for the higher poverty rates for some ethnic minority groups – while the UK has an overall employment rate of 75 per cent of all working adults, this falls to only 60 per cent when looking solely at working age individuals from ethnic minority populations.

- Employment rates for women vary significantly – 72 per cent of white women are economically active compared with just 27 per cent of Bangladeshi and 30 per cent of Pakistani women.

- Work is not a guaranteed route out of poverty – 54 per cent of Pakistani and Bangladeshi children in working households are in poverty compared to just 12 per cent of white children. People of ethnic minorities do not, in general, get the jobs that their qualification levels justify.

- Education is another key driver for higher poverty rates – the achievement gap between 16-year-old white pupils and their Pakistani and African-Caribbean classmates has almost doubled since the late 1980s.
Case study 1

Anna – Barnardo’s Tuar Ceatha Project, Belfast

Anna is from mainland China and has two small daughters aged 5 and 9. The family received tax credits as her husband worked part-time. When Anna and her husband separated there was a mix-up on her income support and tax credits and she is paying back £2,000 from her weekly benefit of £180.75, which includes disability living allowance. Anna has limited English and really struggles with the letters regarding her benefits. She spends £60 a week on food and has very little left over for any extras. She is unable to take her children to any activities or on outings. The family is isolated from family and friends.

Anna used to work in a Chinese takeaway but has not worked since her first child was born, as she has no childcare. As her children are now at school she would like to work in the mornings but the barriers to this are her poor health and limited English. She is, however, attending a local Chinese community group, where she is getting help with her English.

Anna says that a number of things could make a difference for her and her daughters, for whom she has high aspirations. She would like parenting education to improve her parenting skills:

‘I don’t know how to help them to learn… I know the family unit here is not in a healthy way.’

Anna would also like help and advice about her finances: help in finding a job she could do in the mornings; advice on discounted travel and affordable activities such as swimming and after-school clubs.
Case study 2

Leah – Barnardo’s Priory Family Centre, Barnsley, Yorkshire

Leah is a lone parent with one daughter Emily, who is 14 months old. Leah is of mixed race and her daughter has a white father. She is a recovered drug addict:

‘There was a lot of drugs around in the area when I was growing up. I took it to make myself feel better because I’d been abused by a family friend and I was bullied all the time at school about race – it’s mostly white around here. I wouldn’t like my daughter to go through the same as me.’

Leah does not work – her previous drug addiction has resulted in her losing all confidence – but she would like to work when Emily goes to school. Due to the previous abuse she cannot trust anyone but her mum to take care of Emily.

Leah lives on benefits of £119.28 a week – the poverty line is £145 – and she borrows from her mum and step dad. Leah describes the impact of living on a low income:

‘We only have a basic living. I can’t afford to do anything else. We don’t struggle for food because my mum helps us out. I don’t ever save any money – there is nothing left to save. I wish I could.

Emily misses out on lots of things. I can’t take her swimming or to playgroups or any activity as they will have to be paid for and I can’t afford it. I can’t take her out to parks and things like that as there are people doing drugs around here and don’t want to get caught up with them.’

Leah would like to be able to attend social activities for her and her child but generally cannot afford them. She says:

‘Priory is the only place around where I can go and be like the other mums. We don’t have to pay to come here… only for drinks if we have some spare money.’

For Leah the future for herself and her daughter looks far from hopeful:

‘I see our future as being bleak really. I don’t look forward because there’s nothing to look forward to. We can’t afford anything to change. Everything we get is only because someone else buys it for us.

I don’t think Emily will achieve what the other kids will because I can’t afford college or university. Even if I do work, what I bring in still won’t pay for that.’

Leah and Emily both attend Barnardo’s Priory Family Centre in Barnsley. Mothers and fathers say it’s a friendly place where they are not judged when they speak to staff about their problems. Leah can take time for herself, knowing that Emily is happy at the nursery. This way she can begin to improve her own self-confidence, and start to plan ahead for herself and her daughter.
‘I can’t take her out to parks and things like that as there are people doing drugs around here and don’t want to get caught up with them.’
Towards the Government’s 2010 and 2020 poverty targets

Keeping the 2010 promise to halve child poverty by giving families an adequate income

On present policies, by 2010 there are projected to be:

- 40,000 more Pakistani and Bangladeshi children in poverty than there were in 2004/05.
- 10,000 more black or black British children in poverty than there were in 2004/05.

With the £3.8 billion investment, by 2010 there would be:

- 50,000 fewer children in Pakistani and Bangladeshi families in poverty compared with 2004/05
- 40,000 fewer children in black or black British families in poverty compared with 2004/05
- 20,000 fewer children in Indian families in poverty compared with 2004/05.

Keeping the 2020 promise to end child poverty – by investing in supporting families

A range of other measures will also be needed to help improve the prospects of these groups. These are set out below.

Employment

On present policies, the gap between the employment rate of the white and ethnic minority population will take until 2105 to close. If we are to address persistent disadvantage and lift ethnic minority children out of poverty, we must make narrowing this gap a priority.55

Harker56 cautions against dismissing the employment gap due to ‘cultural’ differences when there is clear evidence of the significant barriers that ethnic minority groups face in entering and progressing in work. Furthermore, there is evidence that contrary to stereotype, many economically inactive women of Pakistani and Bangladeshi origin would like to work.57

The Government has established the Ethnic Minority Employment Task Force to address the main factors in ethnic minority employment disadvantage. Other initiatives such as Fair Cities, Partner’s Outreach and the new City Pilots aim to close the ethnic minority employment gap.

Pilot projects such as those described above can have some positive impact at a local level, but it is very unlikely that these will be sufficient to tackle structural barriers to employment. To achieve this all mainstream programmes, such as the New Deals and Pathways to Work, would benefit from increased investment in skills development. They must also be better attuned to the needs of ethnic minority families. Only 1.3 per cent of participants on the New Deal for Disabled People are Pakistani or Bangladeshi.58

Early years childcare and education

The Government’s childcare agenda, with the establishment of Sure Start Children’s Centres in England, and related programmes in Scotland, Wales and Northern Ireland, recognise the importance of early years provision.

There is evidence that disadvantaged children benefit significantly from good quality pre-school experiences, especially where this promotes better intellectual and social development.59 Yet children from some ethnic minority groups are not accessing childcare provision – for example around 75 per cent of Asian children have not accessed any form of formal childcare in the last year, compared to only 54 per cent of white children.60

Early years and childcare programmes must extend their reach to ethnic minority families to encourage them to take up nursery places and where necessary provide effective targeted support to ensure that early disadvantage does not result in long-term underachievement.
Poor children in black and minority ethnic groups

Educational underachievement
The achievement gap between 16-year-old white pupils and their Pakistani and African-Caribbean classmates has roughly doubled since the 1980s. In some urban authorities, African Caribbean pupils are now entering compulsory schooling as the highest achieving group based on baseline assessments but leaving as the group least likely to gain five high GCSEs.

The explanations for educational underperformance are complex and include the concentration of certain ethnic minority groups in deprived areas. Negative stereotypes about black pupils as ‘threatening’ are common and black pupils are three times more likely to be excluded from school. Ethnic minority children continue to suffer racial abuse despite attempts by schools to tackle racist bullying. In one London borough, 29 per cent of children had been racially insulted.

A number of initiatives have been introduced to help ethnic minority pupils overcome the barriers they face in education. In particular, the government’s ‘Aiming High’ initiative has shown some success both in raising the attainment of African Caribbean pupils and ensuring that race equality is firmly on the agenda. The Teaching and Learning 2020 Review Group has made a number of recommendations on new forms of assessment and personalised learning which the DfES is considering. Such initiatives, if adequately funded and accessible to all children, could have a positive impact on the education of ethnic minority children.

More broadly, continued efforts are needed to reduce the exclusion rates of African-Caribbean pupils and to tackle racism and bullying in schools.

The way forward

Employment – the ethnic minority ‘employment penalty’ must be ended to encourage and enable more parents to enter the labour market in jobs that pay decent wages.

The DWP must urgently review why welfare to work programmes are failing many black and ethnic minority parents and publish an action plan to address this. This should include a measurable target for Jobcentre Plus staff to increase participation in the New Deals. It should also set out how the skill levels of parents from black and ethnic minority communities will be improved so that they can earn a decent wage – for example by investing in local adult learning programmes, using initiatives such as the new City Pilots.

Early years and childcare – tackling early disadvantage will be key in breaking the cycle of poverty. There is evidence that disadvantaged children benefit significantly from good quality early years and childcare provision, but children from some ethnic minority groups are still not accessing this.

The DfES must work more pro-actively with early years and childcare providers to enable them to extend their reach to ethnic minority families and where necessary provide targeted support including free or subsidised places for poorer families.

Educational under-achievement – closing the achievement gap between white pupils and their ethnic minority (particularly Pakistani and African-Caribbean) classmates will be crucial in breaking the cycle of poverty.

The DfES must promote the personalised learning agenda so that it supports children from black and minority ethnic groups in their learning. The agenda should also be used to reduce the higher exclusion rates of some BME groups pupils by intervening early, identifying problems, and supporting pupils and teachers.
Section three
Poor children in working families

The Government’s main strategy for tackling child poverty is to increase parental employment. But more than half of poor children live in families where there is an adult in work. So getting parents into work cannot be the whole solution to child poverty – the focus must change to ensuring that work pays.

This will mean all employers paying an adequate wage – some are doing this through paying a ‘living wage’.

Equally crucial is that employers invest in their workforce so that they acquire the skills needed for a high-skill, high-productivity economy. The government must take responsibility for ensuring that employers play their part in paying a decent minimum wage so that tax credits do not become a way of subsidising poverty wages.

The facts

- Over half of all poor children (52 per cent) live in families where there is an adult in work.
- Tax credits now help more than a million children in working households out of poverty, but the number needing such help has risen steadily.
- The incidence of low pay has increased over the last 25 years, despite the introduction of the national minimum wage.
- In around one in three cases, gaining a job means simply moving from being poor and out of work to being poor and in work. For many people, low pay is not a temporary experience: low-paid workers tend to stay in low-paid and insecure jobs.
Case study 1

Becky – Barnardo’s Compass Partnership, Wrexham, Wales

Becky is a 24-year-old single mother with a 2-year-old son – she receives no money from her child’s father. She works 20 hours a week in a supermarket and is paid £5.35 an hour/£87 a week net – her total income including child benefits and tax credits is £271 a week. Childcare costs £100 a week, rent and council tax £64 a week. The remainder of her weekly income goes on utilities, food and nappies. She has no money left for clothes, holidays, socialising or to save for major expenditure, such as replacing the washing machine or fridge.

Living on a low income impacts on what she can do with her son:

‘He had two invites to go to parties in the Whacky Warehouse and the Jolly Jungle and he couldn’t go because I couldn’t afford a present for his friend.’

Becky would like to work more hours but is worried that if she increases her hours this may impact on her entitlement to tax credits in the following year, making her worse off.

She says that her mum was in the same situation as her when she was growing up:

‘She was working full-time and having to leave me with my Nan, and in the end it wasn’t worth it for her to go to work. Because she keeps having a go at me now because I’m doing the same as what she’s done.’

Barnardo’s Compass Service in Wrexham, North Wales, is there to help young parents such as Becky who are bringing up their children on low incomes. It provides practical advice on nutrition, on how to claim benefits and on budgeting, as well as emotional support from parents’ groups and the service workers.

As a single parent, Becky has many demands on her time and no spare money for treats. Compass helps her to have opportunities to have trips out and fun days with her son.
Case study 2

Wilson – Barnardo’s Community House Project, the Midlands

Wilson is a single father and has two sons aged 11 and 6. He had no choice but to stop work three years ago to care for his wife, who died last year, but he is now back in full-time work. He is on the minimum wage, earning £5.35 an hour/£180 a week net. His total income with child benefits and tax credits is £535 a week. His biggest outgoing is on childcare, which is £160 a week in term time and £300 a week in school holidays – an average of £195 a week. He also pays £20 a week in fares to take his children to childcare. With his other outgoings such as rent and council tax (£75 a week), he is left with £197 for food, clothes and paying off his £1,100 debt (incurred when he had to pay for his wife’s funeral).

Childcare is a big issue for Wilson:

‘In the area there are no child minders registered to take children to their junior school and at the moment I’m asking a neighbour to do it… they have to get up early in the morning, and out of the house at 5.45 in the morning which towards the end of a week does tell on them.’

Wilson feels that his children’s security and aspirations have been limited by his situation:

‘Seeing things that benefit them, like a computer would be beneficial, but you’re on a low income you can’t afford a computer.’

He also feels that single fathers get little support:

‘Because there isn’t anything for single fathers out there… I would imagine that there are a lot of single fathers out there living in poverty as we are speaking now not knowing who to contact or whatever or what to do.’

The Community House, in Barnardo’s Midlands region, has developed a number of activities with volunteer fathers like Wilson. Lone fathers are far less likely to be in employment than fathers in couple families, and Wilson finds that the support group Dads R Us and events like the Saturday brunch for fathers and holiday activities for children, have helped him and his children during a difficult period of their lives.
Towards the Government’s 2010 and 2020 targets

Keeping the 2010 promise to halve child poverty by giving families an adequate income

On present policies, by 2010 there are projected to be over 70,000 more children in single-income working families in poverty than there were in 2004/05. With the £3.8 billion investment, by 2010 there would be 90,000 fewer children in these families in poverty compared to 2004/05.

Keeping the 2020 promise to end child poverty – investing in supporting families

As well as investing the £3.8 billion, measures are needed to tackle the causes of poverty in working families:

Tackling in-work poverty

It is clear that low earnings are contributing to the high levels of child poverty. If the poverty targets are to be reached then in-work poverty must be tackled. Palmer et al. argue very forcefully that the main driving force behind the fall in child poverty has been due to reforms such as tax credits rather than the shift into work. They state: ‘In our view it is a failure to recognize the extent of in-work poverty that is the fundamental threat to the child poverty strategy’. Dialogue is needed between the government and employers on the level of the national minimum wage and employees’ responsibilities to families on training, jobs that offer progression and flexible working.

Jobs that offer progression

Evidence from the USA as well as the UK’s Employment Zone evaluation show that good job matching is central to helping individuals stay in jobs. Although job entry rates tend to be lower, with more care over matching individuals to suitable jobs, more children are likely to be lifted out of poverty per entry into work.

The targets for Jobcentre Plus staff need to become far more attuned to getting parents into quality jobs that offer progression in work: this has been recognised by the DWP, which proposes to introduce a ‘New Deal for Families’. This will give parenting a high priority – especially in terms of work that is flexible and finding suitable childcare for parents. As well as the existing success measure of the number of job placements, progress will also be measured by the sustainability of jobs offered and progression. This is welcome, but to be effective, it needs to be rolled out more widely, as there is commitment only to a pilot project in London.

More emphasis is also needed on job sustainability and the monitoring and measuring of starting pay, job retention and progress within jobs. This will prevent vulnerable groups simply cycling in and out of work. Though only early findings are available from the Employment Retention and Advancement demonstration pilot created to explore strategies for improving sustainability and progression within work, the support and advice elements of this look promising. These pilots delivered more personal adviser support and a payment for staying in work for a particular length of time. ERA raised earnings on balance across the board – primarily because it encouraged more parents to work full-time rather than part-time. The DWP should allocate adequate funding to enable these pilots to be rolled out to clients on all New Deal programmes.

Families relying on one earner

Families should make the choice that is right for them on whether both parents work. However, there is evidence for a clear demand for help with entering work
– around one in five workless partners in single-earner couples in poverty are looking for work and intend to look for work in the future. The DWP is currently examining how second earners can be encouraged into the labour market as well as whether to legislate to require the partners of parents claiming jobseekers’ allowance to attend six-monthly work-focused interviews.

An effective policy for encouraging second earners into work will need to address both the barriers to employment such as affordable childcare and the barriers in employment such as low pay and lack of progression.

**The way forward**

**Tackling in-work poverty** – half of all poor children live in families where there is an adult in work. The child poverty targets cannot be met unless tackling in-work poverty becomes a key Government priority.

- The Government must work with employers to ensure that they take seriously their responsibilities for paying a decent wage, ensuring that jobs offer progression through in-work training, and family friendly working conditions.

- Jobcentre Plus to prevent the cycling of vulnerable groups in and out of work through better job matching and getting parents into jobs that are a sustainable route out of poverty. This will require Government to allocate sufficient funding so that all New Deal programmes can offer more personal adviser support and initiatives for staying in work – as in the successful Employment and Retention and Advancement demonstration pilot which have shown some early promising results.
Section four
Lone-parent families

The risk of poverty for children in lone-parent families is high: in lone-parent households, 50 per cent of children are living below the poverty line compared with 23 per cent of children in two-parent families.\(^\text{78}\) The UK has the second highest child poverty rate for lone parents in the EU,\(^\text{79}\) primarily due to the high rates of worklessness in the UK among lone parents.

### The facts

- Eleven per cent of one-parent families live on gross weekly incomes of £100 a week or less and forty-one per cent live on gross weekly incomes of £200 a week or less.\(^\text{80}\) A single pensioner has a pension guarantee of £119.05 a week.

- It is estimated that reducing by half the number of children in lone-parent families in poverty would require a lone-parent employment rate of 86 per cent.\(^\text{81}\) Yet lone parents face some of the weakest incentives to work and to earn more, because many would be subject to withdrawal of a tax credit or means-tested benefit as their earnings rise: over two-thirds of working lone parents face an effective marginal tax rate in excess of 50 per cent.\(^\text{82}\)

- Child maintenance payments can be a ladder out of poverty and into work for lone parents (by acting as a wage supplement) if they are regular and not offset by falls in benefit.\(^\text{83}\)

- Lone parents are more likely than other adults of their age to have low qualifications, to be claiming sickness and disability benefits, to have a child under 5 and to live in social housing.\(^\text{84}\)
Case study 1

**Heather – Barnardo’s Ely Family Centre, Cardiff**

Heather is a single parent with three children living on income support. She receives no maintenance payments. Her income from benefits is £210.44 a week – £40.56 below the Government’s poverty line.86 She is constantly in debt, and particularly struggles in holiday time to pay for social activities and school uniforms.

‘It’s when they all need the same clothes at the same time, especially school uniform – that’s what I find really difficult… the children have never been on holiday… it was a case of do I take them on holiday for a week or pay the bills?’

She has suffered from depression because of financial pressure – she began training as a teaching assistant but found she could not cope; although she volunteers at Barnardo’s, she feels unable to return to work.

Heather has been to see a personal adviser under the New Deal for Lone Parents – childcare costs are an anxiety and she feels that she will be worse off in work. She also feels that there are no jobs that offer the flexibility that would enable her to care for her children.

‘They are trying to make the workforce more flexible for working mothers and this, and that and the other but at the end of the day when you go back to work they want someone reliable, they don’t want someone coming in and saying sorry I’ve got to go because I’ve had a phone call and my child’s ill at school.’

For Heather, concerns over childcare costs and work flexibility are symptomatic of her general fear of returning to work after a long period of being a full-time parent.

‘You don’t expect life to get any better, you just struggle all the time, you think this is life.’

**Barnardo’s Ely Family Centre in Cardiff provides a range of services.** When Heather’s children were younger she used the parent and toddler group. Now, the after-school club, holiday activities and family outings provide support to Heather in caring for her children and staff offer skilled advice, for example on parenting or welfare benefit entitlements.
Case study 2

Michelle – Barnardo’s Hive Project, Sunderland, North East

Michelle has four children aged 18, 14, 11 and 4. She had recently left her job as a youth worker because her hours were cut from 16 to 7. This meant she couldn’t claim working tax credit and lost other benefits such as housing benefit and free school meals for her children. It no longer paid Michelle to stay in work. As Michelle explains, there are not many opportunities for youth work in the area:

‘Hours, not enough hours. Sometimes they start off with six or seven – depending on the funding they might be able to give you a couple more hours here. If the funding runs out you have no job.’

Michelle’s children were proud of their mum when she worked:

‘Cos sometimes at school ‘what does your mam do?’ And he was saying ‘oh my mam works. My mam’s a youth worker you know’.

Now the stigma of claiming free school meals is making life difficult:

‘Adam, he won’t have free meals, won’t go in the free meal queue, it’s like a card and people will say ‘oh you are a Nashy’ if you have got this type of ticket. So I give him money. Nash, the Nash, its slang for benefits.’

The Hive is a Barnardo’s community development project in Sunderland. It gives single parents like Michelle the opportunity to increase their skills and confidence through volunteering, and taking courses which help them to get back into work as their children become older. The Hive also runs courses on nutrition and has an allotment so that parents can provide low-cost, healthy meals for their children.
Towards the Government’s 2010 and 2020 poverty targets

**Keeping the 2010 promise to halve child poverty by giving families an adequate income**

On present policies, by 2010 there are projected to be about 30,000 more children in lone-parent families in poverty than there were in 2004/05. With the £3.8 billion investment, by 2010 there would be 320,000 fewer children in these families in poverty compared to 2004/05.

**Keeping the 2020 promise to end child poverty by investing in supporting families**

Income transfers through the benefits and tax system are crucial for tackling poverty for children in lone-parent families. But other steps are necessary, including measures to tackle social exclusion; efforts to make employment sustainable, flexible and better paid; more support with childcare; and ensuring that child maintenance gets to the families who need it.

**Initiatives to tackle social exclusion**

Addressing the social isolation, lack of confidence and often poor physical and mental health that many lone parents experience must be given a high priority.87

‘*My self-esteem and my confidence have grown and changed… I’ve got future plans where I never had any because I used to think I was stuck with the children. Coming here I’ve realised I can do things even with the children. I have done my introduction to youth work and my youth portfolio.*’

*If the Government put more money into places like this… more free training, training with a creche.*’

(Rachel, with two children aged 4 and 13 – Barnardo’s Hive Project,88 North East.

Rachel is starting a university course in September – a creche is provided at the university, which was an important consideration for her)

Local services provided by the statutory or voluntary sector can play a key role in tackling social isolation and exclusion. This will increase the likelihood of lone parents seeking training or employment and will improve the quality of life for them and their children. Support packages are needed, and partnership working between agencies such as Jobcentre Plus staff, children’s centres, local authorities and the voluntary and community sector in every locality to direct lone parents to appropriate services.

The Government should encourage schools to remove the risks of bullying and stigmatisation for children getting free school meals by introducing systems like cashless smart cards. There can be no excuse for separate queues or tickets for children claiming free school meals.

**Employment**

The Government has a target of reaching an employment rate of 70 per cent (currently 56.5 per cent) for lone parents by 2010. This would lift a further 200,000 children out of poverty. It is estimated that a 65 per cent employment rate is achievable on current welfare to work policies.89 However, reaching the 70 per cent target will require the implementation of a package of policy measures; the Harker review proposed such a package.90 The Government has recently published its response.91

- Rolling out the New Deal Plus for Lone Parents (NDLP). It is estimated that if the New Deal Plus for Lone Parents included all lone parents and not just the present 10 per cent of lone parents on income support, the lone-parent employment
The rate could rise by 2–3 per cent, taking up to 40,000 children out of poverty. The Government’s response has been to extend the NDLP to March 2011 and to include all lone parents in London, this will only go part of the way towards achieving the estimated impact on child poverty.

Measures to improve job retention will be key in tackling poverty: the case studies show the difficulties of staying in training or work. In any one year about one in ten lone parents leave work, making their exit rates more than double the rate of those who are not lone parents. A 20 per cent reduction in lone-parent exit rates could lift 44,000 children out of poverty.

The Jobcentre Plus target measures the number of job placements. This has been widened to give parental employment a priority and to reward sustained employment and progression. However, the Government has not given details of how this will be done: for example, employer engagement will be key to ensuring that the jobs on offer are flexible and meet the parenting needs of lone parents.

There are other issues to address if lone parents are to be supported to work:

Help with transition to work

To qualify for working tax credit, including help with childcare costs, a parent must work for a minimum of 16 hours a week. This rule is a barrier to work and flexibility on this is needed – especially for people entering work after training, voluntary work, a long period out of the labour market or for those like Michelle whose hours were reduced.

Many lone parents struggle financially with the transition to work, especially as they may have to pay childcare costs up-front. The DWP has made efforts to address this through the in-work credit for lone parents on the NDLP, which provides an extra £40 per week for lone parents moving into work in for the first year, covering 40 per cent of lone parents. This will now be extended until June 2008 and the rate payable in London will be increased to £60 per week. This is welcome, but coverage must be extended to include all lone parents, as the existing system means that only those lone parents living in the pilot areas can benefit.

Another initiative which could potentially motivate parents to make the transition to work is the introduction of the £20 work-related activity premium for lone parents of older children on income support preparing for a return to work. This was proposed in the Welfare Reform Green Paper but there are no plans by the DWP to implement it. The Government is urged to reconsider this as it could benefit those parents who have been out of work for some time and need help with pre-work training.

Parents need a smoother transition from benefits to work and the DWP must consider how this can be done:

‘The Government could make changes to the system so that income wasn’t initially deducted from benefits and this would give families time to adjust financially to returning to work.’

(Alison with three young children, South West).

Tackling in-work poverty

Not every move into work is a move out of poverty – 14 per cent of children of lone parents who work full-time and 30 per cent who work part-time still live in
poverty. Improving the skills of lone parents through offering both pre-work training and ensuring that they get into a suitable job which offers progression in the future is key to ensuring that work does indeed pay. A greater challenge is to address the gender pay gap – on the current rate of change it will take until 2085 to close this. Government policy needs to be much more attuned to working with employers to take their responsibilities more seriously.

Childcare

Improvements in the supply and affordability of childcare as well as more flexible working opportunities are essential if the lone-parent employment rate is to be increased. The typical cost of a childcare place for a child under two is £152 a week in England and £131 in Wales. This compares to average earnings of £447 a week. The costs have increased by almost 6 per cent from last year. Almost all parents in the case studies for this report stated that childcare costs were a barrier to work.

Child maintenance

Only 22.8 per cent of lone-parent families are receiving maintenance payments: in these cases maintenance is making a difference, reducing child poverty rates by as much as 13.9 per cent in lone-parent families. The DWVP estimates that child maintenance payments currently lift a total of 100,000 children out of poverty.

However, child maintenance could play a much bigger role: it delivers 25 per cent of Austria’s child poverty reduction, 24 per cent of Switzerland’s, 18 per cent of Sweden’s and only 2.9 per cent in the UK. Most parents with care on benefits are only allowed to keep £10 of any child maintenance that the non-resident parent pays – any amount above this is deducted from benefits. The White Paper on the Child Support Agency proposes that from 2008/09 all parents will receive the child maintenance disregard of £10, benefiting an additional 55,000 children, with a higher disregard being considered after 2010. These changes will come into effect too late to have any impact on the 2010 target. The proposal put forward by Sir David Henshaw was to permit a complete ‘disregard’ on any child maintenance paid to parents living on benefits; estimated to cost £230 million, this measure could lift between 80,000 and 90,000 children out of poverty, contributing significantly to the child poverty goal.

The parents interviewed for this report expressed frustration and anger at the lack of maintenance. For example, Angela is aware that her husband still pays maintenance for the children, although she doesn’t receive this as she is on benefits: ‘His money goes to the secretary of state I have been told.’

(Angela – single parent with four children – Barnardo’s FITA service, London).

But work is not the only solution

The 2010 and 2020 targets cannot be met by increases in employment alone. Work for many of these families will not be an option because their children are too young, or because someone in the family has poor health or is disabled. An equal emphasis must be placed on ensuring that lone parents have an adequate income when out of work.
The way forward

**Employment** – lone parents face serious disadvantage in the labour market which will hinder the Government’s aim of a 70 per cent employment rate for lone parents by 2010. Achieving this will require a range of policy measures, including:

- Help with the transition to work by providing a weekly payment of £40 (£60 in London) for the first year to all lone parents who start work. This would be an extension of the New Deal Plus pilot scheme currently covering 45 per cent of lone parents.

- Jobcentre Plus to have measurable targets to reduce the high exit rates of lone parents entering work or training by providing personalised support to all lone parents entering work so that issues, such as childcare or lack of training and progression in work, can be addressed.

- Relax the rule requiring a person to work a minimum of 16 hours a week to qualify for working tax credits.

**Initiatives to tackle social exclusion** – encouraging lone parents into training and into jobs cannot be achieved on its own. Better co-ordination is needed between local statutory and voluntary agencies to address the social isolation, lack of confidence and often poor physical and mental health of many lone parents.

**Child maintenance** – currently parents with care who are on benefits on the ‘new scheme’ are only allowed to keep £10 of any child maintenance paid by the non-resident parent, parents on the old scheme don’t even get that. The Government should increase the amount that parents can keep – the Henshaw report estimated that if lone parents were to keep the full amount of child maintenance paid by the absent parent without it affecting their benefits (‘a complete disregard’) this could take up to 900,000 children out of poverty.
Section five
Families affected by disability

Families who are affected by a disability – whether of a parent or a child – are at a greater than average risk of persistent poverty. The additional costs of disability push many families into poverty. Parents in such families are less likely to work, and there is a greater likelihood that those who do work are low paid.

The facts

- Improvements by the government in the tax and benefit system since 1999 have helped to lift the most severely disabled children out of poverty.\(^{107}\) In 2005/06, 30 per cent of disabled children were living in poverty after housing costs, the same as for all children.\(^{108}\) However, families with disabled children are still disproportionately likely to miss out\(^{109}\) as there additional costs in caring for a disabled child – it costs three times as much to bring up a disabled child as it does a non-disabled child.\(^{110}\) Benefit increases have not been based on these extra costs.

- The progress made in lifting disabled children out of poverty has not been replicated for families with a disabled adult. In 2005/06, the risk of a child living in poverty was 42 per cent after housing costs, where there was at least one disabled adult and 27 per cent where no one in the family was disabled.\(^{111}\)

- One in three children in poverty – between 700,000 and 850,000\(^{112}\) – has a parent with a self-reported disability or a longstanding health condition.

- Families with disabled children are 50 per cent more likely to be in debt and 50 per cent less likely to be able to afford holidays, new clothes, school outings or ‘treats’ for their children.\(^{113}\)

- Just 16 per cent of mothers with disabled children work, compared with 61 per cent of mothers with non-disabled children.\(^{114}\)

The Government estimates that there are 770,000 disabled children in the UK, 7 per cent of all children, and that disabled children are a growing and significant group.\(^{115}\) Between 1975 and 2002 there was an increase of 62 per cent in the number of disabled children.\(^{116}\)
Case study 1

The Roberts family – Barnardo’s Salford Families Project, Salford, North West

Rachel and Ben have three children aged 13, 10 and 8. The two younger children are autistic with severe learning disabilities. Ben gave up his job when their second child was diagnosed seven years ago as the children needed 24-hour care:

‘I had a really good job me. I was earning £500/600 a week, good pay. Good bonus, really good pension scheme and I just had to give it all up. I had been there 21 years.’

The family home was repossessed and they had to move into a council house and are totally reliant on benefits.

Daily life is a struggle due mainly to the extra costs of their children’s disabilities. The family receives £383.75 a week in benefits, including disability benefits, so technically they are above the Government’s poverty line of £345 – but this does not take account of the extra costs of disability. The family needs a large house because one of the children does not sleep properly and disturbs everyone, but this makes heating costs very high: the house has 13 or 14 radiators. The food bill is also high, as one of the children has coeliac disease and one of the parents is also diabetic; this frequently means having to prepare different meals for different family members, which increases the cost.

They say that the only reason they get by is because of the children’s disability living allowance (DLA). They do not go out as a family as short breaks are expensive:

‘We were offered £29 (through direct payments) to get someone to look after Barbara for 6 hours, no one’s going to do that… we couldn’t afford that.’

Ben and Rachel would like more money so that they can pay for care:

‘I know of a child who went into respite care for one week and it cost £900.’

They say that they feel like prisoners in their own home.

Although the family has managed to stay together (the move to a larger house helped), the stress is clear, as Rachel points out:

‘We were constantly arguing all the time. You’re tired; you’re on top of each other, shouting at each other. There’s definitely no way we would be together now if we hadn’t moved.’

For Ben the future is not hopeful:

‘I’ve not got a house to pass down to the children… because we’d have had a mortgage and that would have been paid off and I’d have had a great pension. I’m 43 now and say I don’t get back to work: what happens to me and my wife then?… I’ve not got anything. I probably won’t have any skills to go back to work; I’ll probably be too old.’

Barnardo’s Salford Families Project supports families like the Roberts by offering a comprehensive service for disabled children and young people and their parents. Families are provided with advice on the benefits to which they are entitled. Play schemes and short break care are also available, which help families continue to cope in stressful circumstances.
Case study 2

Fiona – Barnardo’s Community Links Project, Wales

Fiona is a single parent with two children, a daughter aged 7 and Joshua, who is 5 and is on the autistic spectrum.

Fiona is currently taking a youth and community work training course in order to become a youth worker. The training is free. She has been advised by the Citizens’ Advice Bureau that if she goes to work she will lose her weekly carer’s allowance of £45 and will have to pay her rent of about £240 a week and council tax of £1000 a year. This is a worry for Fiona and she has decided to spend another year training so that she can boost her potential earning as much as possible.

Fiona feels that the job centre has not been supportive while she has been training; she has to have six-monthly benefit reviews and often gets only two days’ notice. She is also worried about the lack of flexibility in her future job as a youth worker as the work is sessional and at evenings and weekends. She is finding the training difficult at the moment due to evening training sessions and also because her son needs specialist care. She finds social services inflexible when it comes to childcare as they offer only one evening and says that it is a ‘constant battle’ with them.

Barnardo’s Community Links project in Wales helps Fiona care for her autistic son, have time for her daughter and pursue a training course with a view to increasing the family’s income. The project arranges for Joshua to stay overnight once a week with a ‘link’ family, giving Fiona the chance to catch up with her daughter and her studies, knowing that he is safe and enjoying himself.
Towards the Government's 2010 and 2020 poverty targets

Progress and projections

The progress Government has made so far in lifting disabled children out of poverty is mostly attributable to an increase in disability benefits since 1997. Families such as the Roberts have found that disability living allowance (DLA) helps them get by. DLA is a particularly important benefit since it not only increases family income but also a high DLA award operates as a gateway to other support. The government therefore needs to ensure that DLA gets to those who need it. A recent report revealed how increasing take-up rates of DLA would be of most benefit to the poorest families. The government should look at how to improve take-up rates, giving particular thought to improving information given to families and simplifying the DLA application process.

Keeping the 2010 promise to halve child poverty – by giving families an adequate income

Disabled children: on present policies, by 2010 there are projected to be nearly 30,000 more disabled children living in poverty than there were in 2004/05. With the £3.8 billion investment, by 2010 there would be 140,000 fewer disabled children living in poverty compared to 2004/05.

Children living in families with a disabled adult: on present policies, by 2010 there are projected to be nearly 20,000 fewer children living in such families than there were in 2004/05. With the £3.8 billion investment, by 2010 there would be 240,000 fewer children living in poverty in families with a disabled adult, compared to 2004/05.

Keeping the 2010 promise to end child poverty by investing in supporting families

A number of solutions are needed to support families affected by disability, including:

An adequate minimum income

Families with disabled children incur significant additional expenditure. However, increases in benefit levels are not based on any assessment of the extra costs of disability. It has been calculated that it costs on average an additional £99.15 a week to bring up a disabled child and that benefits are not enough to cover the extra costs. As highlighted in the case studies, families like the Roberts often face additional costs in heating, since their living accommodation may have to be larger to incorporate the needs of the disabled child. Disabled children may also need expensive special diets.

The Government should examine the extra costs of disability so that it can make informed decisions as to the level at which tax credits and benefits should be set – this will also provide a safety net for those families whose caring responsibilities or disability/health needs mean that work is not an option.

Help for disabled parents to enter employment

In addition to the problems faced by families seeking to raise disabled children, there are also significant barriers to work for disabled parents. There are a number of employment schemes aimed at helping disabled people into work, such as the New Deal for Disabled People and Pathways to Work. However, disabled parents can miss out on receiving support. Only around 200,000 children in poverty whose parent has a disability or longstanding health condition will have a parent eligible for Pathways to Work. There are 264,000...
lone parents who are not working and have a self-reported, longstanding health condition; these people are often directed to the New Deal for Lone Parents, where they receive little help for managing their condition, rather than Pathways to Work. The 16-hour rule should be relaxed for parents of disabled children, enabling them to access childcare and helping to make work pay.\textsuperscript{123}

The DWP needs to improve access to help for parents with health conditions and disabilities through widening eligibility for Pathways to Work or introducing additional support within the New Deal for Lone Parents.\textsuperscript{124}

Disincentives to work within the benefits system need to be addressed. For example, the cut-off for carer’s allowance should be tapered so there is no disincentive to work. Currently the whole allowance is lost the moment the parent earns over £48 a week.

Early intervention to support families with disabled children

The government has stressed the importance of early intervention and the following is an example of a support package that could help families like the Roberts:

\begin{itemize}
\item Support from a key worker at the point of diagnosis: such workers would have responsibility for helping the families understand their benefit entitlements and particularly to understand whether or not they are entitled to DLA and how to go about claiming it. Support like this could have helped Ben to keep his job through the provision of appropriate childcare and short breaks. The remit of Jobcentre Plus staff needs to be broadened so that they are able to negotiate flexible working with employers so that parents are able to continue in employment following the birth of a disabled child or a later diagnosis.
\end{itemize}

\begin{itemize}
\item Childcare: There is evidence that the National Childcare Strategy is failing to deliver more appropriate and affordable childcare for disabled children.\textsuperscript{125} A report from the National Audit Office highlighted that many childcare settings describe themselves as accessible but offer only one place for a disabled child.\textsuperscript{126} The Childcare Act 2006 requires local authorities to secure sufficient childcare to meet the needs of families with disabled children, but as the duty is relatively new, there is little evidence of impact at present. Implementing the duty may require targeted action to improve the skills and awareness of early years workers and funding to enable them to meet the add-on costs which can arise from including disabled children. It could also enable provision such as the ‘sitter service’ in Scotland to be considered for rolling out across the UK. This offers respite and regular childcare – its evaluation showed particular benefits to families with disabled children.\textsuperscript{127}
\end{itemize}

\begin{itemize}
\item Childcare costs: More help is needed with childcare costs for families with disabled children by increasing the amount they can get in the childcare element of working tax credit to reflect the actual costs they incur so that work can provide the route out of poverty.\textsuperscript{128}
\end{itemize}

\begin{itemize}
\item Short breaks: Families with disabled children are 30 per cent more likely to be single parents.\textsuperscript{129} In one study of 2,000 families, short breaks were cited as the key factor that helped or could have helped relationships and prevented family breakdown.\textsuperscript{130} It is clear that further investment in recruiting and training short-break carers is needed.
\end{itemize}
The way forward

An adequate minimum income – work will not provide the route out of poverty for many families affected by disability – because of parents’ caring responsibilities – so benefit levels must provide a better safety net for those who cannot work.

The Government should research the real extra costs of caring for a disabled child so that it can make informed decisions as to the level at which tax credits and benefits should be set.

Employment – parents caring for a disabled child and parents who have a disability or health condition themselves, experience multiple barriers – from getting onto Welfare to Work programmes through to finding affordable and accessible childcare.

The DWP should improve access to Pathways to Work by widening eligibility and/or improving support within New Deals so that they can get help with managing a disability or health condition.

Government should provide extra help with childcare costs for families with disabled children by increasing the childcare element of the working tax credit to reflect the additional costs they incurred. Extended schools must be inclusive of disabled children.

Supporting families – early intervention is needed to support families.

The Government should allocate more funding to provide short-breaks for parents – including access to sessional childcare, to give parents a few hours respite every week. Such services can make a real difference in helping parents to cope – sustaining relationships and avoiding family breakdown.
Section six
Poverty in large families

Children in large families – defined in this report as families with three or more children – are more vulnerable to poverty.\textsuperscript{131} Large families are more likely to be dependent on benefits and for longer periods of time. The rate of worklessness in large families is higher than for parents in smaller families – an important reason being the affordability and availability of childcare.\textsuperscript{132} Besides the costs of childcare, raising a large family involves coordination between several agencies, for example, school, nursery, child minder. The combination of childcare costs and coordination are likely to deter mothers of large families from entering the labour market.

### The facts
- A child in a family with three or more children is between 50 and 180 per cent more likely than a one-child family to be poor and a child in a 4+ family is between 280 and 800 per cent more likely to be poor than a one-child family.\textsuperscript{133}
- Over a quarter of all families in Northern Ireland have three or more children: 43 per cent of these are in low-income households.\textsuperscript{134}
- Of mothers with two children, 59 per cent are in employment compared with 14 per cent of those with five or more children, who earn on average £1.30 an hour less than those with two children (£7.50 compared with £8.90).\textsuperscript{133}
Case study

Sally – Barnardo’s Strabane Family Centre, Northern Ireland

Sally is a single parent aged 33 who has five children aged 16, 14, 8, 6 and 4. Her income from benefits is £301.16 a week, which is £60 below the Government’s poverty line. From this she spends £155 on fuel and loans – £85 is spent on paying back four loans. She spends about £70 a week on food, and she borrows frequently from her parents.

Before Sally had her youngest child she worked part-time but was unable to keep this job, as she did not break even – she paid £60 a week towards childcare costs and her children were no longer entitled to free school meals. Sally is determined to get back to work and has started to do a hairdressing course. The course cost her £85 and the kit cost £20. Sally’s parents paid for the course:

‘Without my family support or dad taking me to the course and mum babysitting the children I would not been have able to do the course.’

School is costly for Sally as she has five children to get equipped with school uniforms – three are at primary school and not entitled to a uniform grant. The older children are, but it does not cover everything that is needed, such as PE equipment:

‘Last week my second oldest child missed a day of school because he had no trainers for PE and I just could not afford them yet.’

Although school trips are reasonably priced at £5:

‘When you have five children wanting to go on school trips then this adds up to £25, which is expensive all in one go.’

Sally feels that living on a low income limits her children’s opportunities. Her eldest son hopes to be able to go to university but he is concerned whether the family can afford it. This upsets Sally:

‘A 16-year-old boy should not be worrying about whether or not his family will have enough money for him to go to university.’

Sally is on antidepressants – she says that her children’s childhood is similar to her own but she is determined to turn things around:

‘In the long term I hope to be able to be off the dole, be a qualified hairdresser, be able to support my children, be able to save for emergencies and be able to take the children away on a family break together for a few days. I want to be able to enjoy being with the children and playing with them. Not to be always worrying about the bills and about where we are going to get the money for that week’s food.’

Barnardo’s Family Centre in Strabane provides practical and emotional support for families like Sally’s, by providing day care, play activities and parenting support.
Case study 2

Susie – A former service user of Barnardo’s Children’s Inclusion Project (CHIP), Glasgow

Susie is 28 and has three children aged 12, 11 and 4. She is now working at the Greater Easterhouse Advice Project, working with adults in the community and children and young people in schools.

Before she got a job she lived on benefits in Possil, Glasgow, one of the poorest areas in the UK. She had a small and damp two bedroom flat, which cost a lot to keep warm. She ended up in debt and was paying £22 a week back to a lender charging extremely high interest rates:

‘I found myself in a trap with the Provident and I had them at my door every week.’

Half her wages now go directly on rent and council tax so she is grateful for her partner’s wage:

‘Even though I’m working and we have two wages coming in, I still can’t go out and buy things willy nilly at the drop of a hat, but I’m better off working now than I was on benefits, definitely.’

While she is working, her mum and her mum’s partner provide childcare:

‘I wouldn’t be able to work if it wasn’t for them.’

Susie’s father worked but his money went on alcohol and gambling – her mum struggled to look after four of them and did low-skill jobs like cleaning. Susie had a baby at 16 and never finished her education. She turned to Stepping Stones for support and has done lots of training with them:

‘If it wasn’t for Stepping Stones I honestly believe I would still be sitting at home and I would be a 28-year-old social security statistic with nothing behind me and no prospects in front of me.’

Susie and her family moved to a bigger flat and she is telling her children to finish their education:

‘I tell them you can be anything you want to be as long as you’re sticking at school.’

She also teaches them about the difference between a job and a career.

Barnardo’s Children’s Inclusion Partnership (CHIP) is a partnership with Stepping Stones, a voluntary organisation funded by Glasgow City Council. CHIP, through its work with Stepping Stones, offers a range of adult learning courses and volunteering opportunities to help parents get a job. Susie attended adult learning classes at Stepping Stones and was then put in touch with the Greater Easterhouse Advice Project, where she was offered a full-time job.
Towards the Government’s 2010 and 2020 poverty targets

Keeping the 2010 promise to halve child poverty by giving families an adequate income

- Families with three children: On present policies, by 2010 there are projected to be about 30,000 fewer children in poverty in such families than there were in 2004/05. With the £3.8 billion investment, by 2010 there would be 290,000 fewer children in these families in poverty compared to 2004/05.138

- Families with four or more children: On present policies by 2010 there will be little change in the poverty rate in such families compared to 2004/05. With the £3.8 billion investment, by 2010 there would be 300,000 fewer children in these families in poverty compared to 2004/05.

Keeping the 2020 promise to end child poverty – investing in supporting families

Income transfers through the benefits and tax system must be a key part of tackling poverty for large families. UK tax and benefit policies are not especially sensitive to the needs of large families:

- Child benefit (CB) is paid at a higher rate for the first child in a family.

- The family premium in income support (IS) effectively results in there being a premium for the first child in the family receiving IS.

- Working tax credit (WTC) is paid at a standard rate regardless of the number of children.

- Childcare tax credit pays for 80 per cent of the costs of regulated childcare – £175 for one child and an upper limit of £300 for two or more children. Larger families have to meet any additional childcare costs themselves.
Child benefit

Child benefit provides much-needed help to families on low incomes. As it is a universal benefit, the take-up rate is much higher than for means-tested benefits. Child benefit paid at the higher rate for all children would help children in larger families, who have a high risk of being poor.139

Targeting help at large families is crucial if the 2010 target is to be met: this report calls for giving families an extra £20 a week for third and subsequent children.

**Longer term solutions to tackle the causes of poverty are also needed:**

**Employment**

Consideration needs to be given to a number of measures to encourage parents with large families into the job market, such as:

- Increase the amount of childcare tax credit available to cover the childcare costs of all children in a family.

- The proposed New Deal for Families140 should include a specific emphasis on the needs of parents of large families, especially through matching with suitable flexible part-time jobs which offer training and advancement, and assisting with childcare solutions. Evidence from our interviews indicates that parents who do not have a partner in work or family help with childcare are finding it almost impossible to enter training or work.

**Improving educational attainment**

Families with three or more children are struggling to meet the costs of school uniforms and equipment and local education authorities need to ensure that uniform grants are provided to primary as well as secondary school children and that these cover the costs of all essential items such as PE equipment. Education must be truly free.

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'I used to be able to give them money when I was working, now I can’t, I have sometimes felt like doing myself in [committing suicide] because I have no money.

Yeah, because all I do is worry about money, its when they ask for money and things and I have not got it, so they will maybe say something and I am in a depressed mood and I just feel like going away and doing something.’

(Jean – parent with five children, four living at home. Jean has been on medication for depression since the break-up of her marriage six years ago.)

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**The way forward**

**Employment**

- The targets for Jobcentre Plus should include a specific emphasis on meeting the needs of parents of large families, especially through matching individuals with suitable part-time jobs which offer training and advancement.

- The upper limit of £300 on the childcare tax credit should be increased to reflect more realistically the costs incurred by large families.

**Improve educational attainment**

- Education must be truly free at the point of delivery. Local authorities must ensure that school uniform grants are provided to primary as well as secondary school children and that these cover the costs of all essential items, such as PE equipment.
Section seven
Other vulnerable groups

This chapter looks at three groups whose childhood experiences and future life chances are blighted by poverty: children in asylum-seeking and refugee families, children in poor housing and single young people.
**Children in asylum-seeking families**

Asylum-seeking families and their children are among the most disadvantaged groups in this country. While poverty has been alleviated for some vulnerable children, other Government policies have helped to make asylum seekers the most excluded group in Britain, especially through restricting access to employment, housing and benefits. When they arrive in the UK, often fleeing persecution, they are confronted by an asylum and immigration law concerned more with children’s immigration status than their welfare needs. This means that many asylum-seeking children and their families live on the margins of society, in conditions of extreme poverty, sometimes approaching destitution, often in poor quality housing and without access to basic education and health services.

**The facts**

- Asylum-seeking families are not allowed to work for the first 12 months of their application and are forced to rely on state benefits; adult payments are at only 70 per cent of income support levels. An asylum-seeking family (a couple with two children) has £154.23 a week to live on – £124 below the government’s own poverty line.  
- Section 9 of the Asylum and Immigration Act 2004, which has been piloted in a number of local authorities, involves withdrawing all support from asylum families with dependent children who fail to leave following rejection of an asylum application.
- Barnardo’s has been working with one family of two parents and a child who have to survive each week on £46 of ASDA vouchers. This is an entirely typical case.
- Although asylum-seeking children of compulsory school age have an entitlement to education, getting a school place can be very difficult – it has been estimated that at least 2,100 refugees and asylum-seeking children are out of school in London alone.
- The Government’s dispersal policy, which moves asylum-seeking families out of the South-East to other areas of the country, means that families can be moved at short notice. Each time a family moves there is a temporary suspension of their benefits while a new post office is sorted out. Although no income is actually lost, families may find themselves destitute for several weeks.
Jackie – Barnardo’s Byker Sands Project, Newcastle, North-East

Jackie is 19 and a single mum to a 5-year-old boy. She came to the UK from Angola seeking asylum four years ago as an unaccompanied minor. She is awaiting a decision from the Home Office as to whether she can stay – and this is causing her a great deal of worry:

‘Not knowing who is going to knock on the door as if I was a robber.’

She is at college and lives on £90 a week income support – £61 below the government’s poverty line. She struggles to feed and clothe her child:

‘Gerald hasn’t got a T-shirt with long sleeves. I need to save some money to buy it before Christmas because like today it is getting cold.’

‘My son has some cereals from African shop… they are very tasty… I have to be very strong not to eat them because if I do the box would finish straight away. The box costs £4 in London and £6 in Newcastle. I give my boy these cereals in the morning and at 5pm when he comes in from school. I eat only one meal a day. I can’t afford fruit every week.’

Jackie said that she ‘had nothing’ positive to say about her and her son’s future.

Byker Sands Family Centre in the Barnardo’s North East region supports Jackie as a young person and a parent. The project provides a range of services to enable parents such as Jackie to gain qualifications and employment, including language classes, out of school clubs and holiday activities. Staff are also able to provide advice on budgeting and debt management, and parenting, which may be particularly stressful in the uncertain state in which Jackie finds herself, awaiting an asylum decision.
Case study 2

The Husseins – Barnardo’s South-West Anti-Poverty Service, Bristol

Amira is a Somali woman aged 46 who lives with her husband and eight of her children (aged from 7 to 18) in temporary accommodation. Amira came to England in 2001 with two of her children and the rest of her family followed in 2003 when she was granted leave to stay.

The family is dependent on income support and their struggle to make ends meet echoes many of the case studies in this report. But the transition from being asylum seekers to refugees has been fraught with difficulties. The family has had several changes of temporary accommodation and although they are pleased with their current housing, it is only temporary. Amira’s husband has health problems and cannot work – he attributes his illness to the stress of being a refugee for a number of years.

Amira often borrows from one friend or relative to pay back another and has developed what she describes as a ‘queue system’:

‘I come up with my own system. Ways for controlling my income and my children. There’s a long queue for the children to wait each month. Each one’s getting new things. I’m not able to afford every month to get new things for the children.’

Special treats for the family are very rare:

‘We can only afford cinema once a year – Eid day.’

Barnardo’s works with local Somali community associations in Bristol to help identify families in need such as Amira, her husband and children. It aims to develop the capacity of the community itself to support its members in the face of isolation and racism. It provides advice on how to use services such as education, health and housing, and also runs community events for children and families.

The way forward

- Adult asylum seekers should be permitted to work, so that they can support themselves, contribute to the economy and start to lift their families out of poverty.
- Adult asylum seekers should receive the equivalent of 100 per cent income support and not 70 per cent as now.
- Section 9 of the Asylum and Immigration Act 2004, which would remove all support from failed asylum-seeking families who fail to leave, should be recognised as inhumane and ineffective and a formal decision made not to implement it.
Children living in poor housing

There is a chronic shortage of affordable housing due to high rents in the private sector and a lack of investment in maintaining the stock of social housing. Although the Government is making substantial investment in new homes, its target is only to increase the provision of new social housing to three-quarters of the pre-1997 level (30,000 a year compared with 41,000), and then only by 2008. This is not enough. There is simply no way to deal with the problem of homelessness and poor housing without increasing the supply of affordable housing, probably to around double the current target.

The facts

- Children who live in bad housing are more likely to suffer from poor health, to suffer a longstanding illness or disability, to dislike the area in which they live, to have run away from home, to have been excluded from school and to have left school with no GCSEs.\(^\text{147}\)

- The supply of social housing has decreased significantly – due to the sale of council accommodation since the 1980s and the reduction in the building of new social housing. By the end of 2004 there were 386,000 fewer units of social housing in England than there were in 1997.\(^\text{148}\)
Arlene is British black Caribbean and has three children. She became homeless due to domestic violence from her first partner – she was in a women’s refuge before ending the relationship. A second relationship was also abusive and she was placed in a refuge on the other side of London from her family’s home. She had to break up her family, with her mother caring for her eldest daughter.

Arlene suffered from depression and was on prescribed medication. She got into a lot of debt. She eventually left the unsuitable flat in which she had been rehoused and moved to her mum’s, which was followed by bed and breakfast accommodation, and she then found herself homeless again. After a number of further placements she was eventually rehoused into a three-bedroom house with a garden with the help of Barnardo’s FITA project. She feels that things are now settled. Her past mental health problems meant that she couldn’t work so she is building up her confidence by volunteering. She volunteers for Barnardo’s and has done NVQ level 2 in childcare.

Arlene and her three children are now living on benefits of £210.44 a week – about £38 below the Government’s poverty line – and is very careful to budget each week after getting into arrears with utility and other bills:

‘I always make sure I budget because it makes me feel a whole lot better and I’m aware of what I owe and what I don’t owe.’

Arlene wants to work when her children go to secondary school and would one day like to become a social worker.

FITA was able to help Arlene organise a more stable future for herself and her children. The service provides welfare rights advice, play facilities and short-term casework and support for families in temporary accommodation. With this help Arlene has been able to put her life together and is now working towards entering the job market by undertaking volunteering and training.
**Case study 2**

**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.’

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**Barnardo’s 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 reduce drug and alcohol abuse, anti-social behaviour and offending through individual support and a mentoring programme for young people at risk. The young people are supported in education and in their search for training and employment.**

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**The way forward**

- The Government must increase the supply of decent, secure and affordable homes; we support Shelter’s call on the Government to deliver 20,000 additional social rented homes per annum on top of its target of 30,000 annually until 2011, making a total of 50,000 social rented homes per year.\(^\text{151}\)
Young people living independently

Young people aged over 16 who do not get the family support that most take for granted are much more likely to be poor and as adults to remain dependent on benefits or low-paid work.

The benefit and tax credit systems and national minimum wage provide lower levels of support for those aged up to 25. This makes life extremely difficult for young people who have to live independently, whose living costs are no different from those aged over 25.

**The facts**

- The Government guarantees that a single person aged 60 or over will have a minimum income of £119.05 excluding housing costs — this is deemed to be the least they can live on without being in poverty. Yet young people receiving income support get only £45.50 if they are aged 18–24 and just £34.60 per week if they are 16 or 17. This is even below the standard adult rate of £57.45, despite the fact that these young people will have the same outgoings as anyone else — for example, gas, electricity, food are no cheaper for them.

- The minimum wage is also set at different levels — £5.35 for those aged 22 and over; £4.45 for those aged 18–21 and £3.30 for under-18s. This rate is clearly inadequate for those who have to support themselves; for people over 25, working tax credits help those on a low income but these are not available for people aged under 25, regardless of their earnings.

- Young people under 25 living independently can claim housing benefit but only at a lower rate known as ‘the single room rent’. This means that 87 per cent of them will have to pay as much as £35.00 a week to top up their rent out of their earnings or income support.¹⁵²

- Educational maintenance allowances (EMAs) are designed to provide an incentive for young people to remain in education or training after 16. This is particularly important for children who have been in care and may have missed out on education opportunities. Local authorities must support young care leavers aged 16 and 17 financially, but many of them deduct EMAs from the allowances they give young people, thereby removing any incentive to stay in education and training.

- The poor outcomes for children in care mean that they are particularly vulnerable to poverty as young adults. At the age of 19, only 19 per cent of care leavers are in further education compared to 38 per cent of all young people,¹⁵³ and over 30 per cent of them are not in any form of education, training or employment compared to 13 per cent of all young people.¹⁵⁴
Case study 1

Jill – Barnardo’s Threshold Project, Scotland

Jill is 17 – her mother died when she was 16 and she now lives on her own in the family home. Jill was unable to complete her fifth year at secondary school and she has now enrolled at a local college. She has £75 a week from income support and educational maintenance allowance.

Her weekly outgoings are: gas £8.62, electricity £6.10, TV licence £5, home insurance £2, food £15, telephone £15, packed lunches £10 and transport £10. This leaves a total of £3.38 for socialising and paying for any unforeseen eventualities.

Jill said:

‘Juggling my finances, taking care of a household and attending college is not easy. I continually struggle with my emotional well-being and rely heavily on very good friends and my key worker at Barnardo’s.’

It would make a big difference to Jill if she could work. Because Jill is at college for longer than 16 hours a week, she had to give up a part-time job at a garden centre as this meant she was worse off as her benefits were cut:

‘I would like to be able to take up part-time working again. This would help me to interact socially and play a significant part in my social isolation… I would like the Government to be more flexible around benefits and part-time working and take personal circumstances into consideration especially for those like myself who are very young and vulnerable.’

For vulnerable young people such as Jill, without family support, living independently can be a struggle and the beginning of a life of poverty. Services like Barnardo’s Threshold work to ensure that this does not happen by helping young people in their dealings with a wide range of local services such as housing and education. This may mean helping with form-filling to claim benefits or with enrolling in college.
Case study 2

Vanessa – Barnardo’s Bays Partnership, Wales

Vanessa was formerly in care and has one child aged 19 weeks. She lives close to town on a very deprived estate where there are known drug problems. Her income from benefits is £119 a week, slightly below the government’s poverty line – she spends £35 a week on fuel, £15 on transport and £50 on food. She saves the rest to buy clothes for the baby. Vanessa borrows from her mum and is in debt with the electricity and water suppliers:

‘I had the token meter put in because it’s easier and you know where you are. The only way to get a meter is to get into debt with the suppliers – otherwise you pay £80.’

Vanessa pointed out that before she had the baby she was living on just £45 a week and she couldn’t manage – the extra benefits for the baby have helped. She felt that she had not had a ‘normal’ childhood because of being in care and because her mother had a drug addiction:

‘My mother used to sit in the bedroom all the time jacking up heroin, so it [her childhood] weren’t like everyone else.’

But Vanessa would like to work and do some training in food and hygiene – her main motivation for this is to move away from the area and provide a better future for her son:

‘I don’t want him to be here when he gets older. I don’t want him getting brought up in an area where’s full of drugs and stuff like that… I don’t want him living in this dump when he is 6.’
The way forward

- More funding is needed to provide appropriate skills training, particularly for young people who have missed out on pre-16 education. The Leitch review\(^{156}\) says that current training such as NVQs is not meeting employers’ needs; it identifies a need for more work-related life skills such as good communication and interpersonal skills.

- The current Entry to Employment (E2E) training provides such skills training but is limited to 16 weeks. This is insufficient for those young people who have had disrupted lives – such as those in care – or who take longer to learn – such as those with special needs. A more flexible approach is needed to funding E2E for longer periods for young people assessed as needing extra support.

- There should be a mandatory requirement that local authorities do not deduct EMA income from the personal allowances of 16 and 17-year-old care leavers – this would give a real incentive for them to engage in education or training.

- The Single Room Rent policy can cause severe hardship for young people, particularly for those who are living independently. The policy should be abolished for young people living independently who are either in education or training or are on the minimum wage.

- As a means-tested benefit, income support payments should be based on individual financial circumstances and we are not aware of any evidence to show that over-25s have greater financial pressures than their younger counterparts. Therefore the age differentials should be discarded and young people should be assessed in the same way as adults.

- Working tax credits should be extended to those people under 25 who are on the minimum wage.

- More work should be done to provide supported employment for care leavers and other vulnerable young people. For example, Barnardo’s Youthbuild Project in Paisley, Scotland has developed an excellent partnership with local construction companies, providing training and employment for young people.
Conclusion

‘I’ve been in poverty and done it. I’ve done the same as Michelle; I’ve started from having nothing… Peeling the black things out of potatoes, freezing cold hands, wellies on, didn’t we, and we got ten pounds for the whole day. It was disgraceful, I think about what I did then… and it’s not as though you don’t want to work, because we have always wanted to work, haven’t we? We have been trying to break the cycle from where we came. So that our bairns don’t have the life that we have, so that they’ve got a better life.’

(Jayne, who has now got a University degree and a job.)

This report has shown the reality of child poverty in the UK today. The bleak statistics it contains are one part of the picture. Equally important are the stories of isolation, anxiety and lost opportunities. Child poverty has a cost – to the children whose lives it blights and to society. This cost is economic as well as moral. A recent report from the Center for American Progress calculated the subsequent costs of children growing up poor in the USA to be $500 billion per year, or almost 4 per cent of American GDP, based on additional healthcare costs, lost contributions and increased crime.

The slow but steady progress in reducing child poverty since the late 1990s has now stalled. The scale of the challenge ahead should not be underestimated – there are 3.8 million (1 in 3) children living in poverty in the UK today. But this challenge can be met. It is affordable – the additional £3.8 billion that this report calls for is equivalent to just two thirds of 1 per cent of public spending. Child poverty is not inevitable and Barnardo’s is asking the government to keep its promise to millions of children to end child poverty within a generation.

The way forward

We call on the Westminster government, and where appropriate, the devolved governments of Northern Ireland, Scotland and Wales, to do the following:

- 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, chaired by the Prime Minister or the Chancellor, which would deliver a road map setting out the investment and policies needed to hit the 2020 target.
- Aim all government funding and programmes at benefiting the poorest children the most.
- 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.
- 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 and working with local authorities to ensure that affordable and age-appropriate holiday activities and childcare are available for all children.
- 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.

See Appendix 1 for the full set of recommendations.
Appendix I: Recommendations

Additional policy measures

**Employment** – The ethnic minority ‘employment penalty’ must be ended to encourage and enable more parents to enter the labour market in jobs that pay decent wages.

The Department for Work and Pensions must urgently review why welfare to work programmes are failing many black and ethnic minority parents and publish an action plan to address this. This should include a measurable target for Jobcentre Plus staff to increase participation in the New Deals. It should also set out how the skill levels of parents from black and ethnic minority communities will be improved so that they can earn a decent wage – for example by investing in local adult learning programmes, using initiatives such as the new City Pilots.

**Early years and childcare** – Tackling early disadvantage will be key in breaking the cycle of poverty. There is evidence that disadvantaged children benefit significantly from good quality early years and childcare provision, but children from some ethnic minority groups are still not accessing this.

The Department for Education and Skills must work more pro-actively with early years and childcare providers to enable them to extend their reach to ethnic minority families and where necessary provide targeted support including free or subsidised places for poorer families.

**Educational under-achievement** – closing the achievement gap between white pupils and their ethnic minority – particularly Pakistani and African-Caribbean – classmates will be crucial in breaking the cycle of poverty.

The Department for Education and Skills must promote the personalised learning agenda so that it supports children from black and minority ethnic groups in their learning. The agenda should also be used to reduce the higher exclusion rates of some BME groups pupils by intervening early, identifying problems, and supporting pupils and teachers.

**Tackling in-work poverty** – Just over half of all poor children live in families where there is an adult in work – the child poverty targets cannot be met unless tackling in-work poverty becomes a key Government priority.

- The Government must work with employers to ensure that they take seriously their responsibilities for paying a decent wage, ensuring that jobs offer progression through in-work training, and family friendly working conditions.
- Jobcentre Plus to prevent the cycling of vulnerable groups in and out of work through better job matching and getting parents into jobs that are a sustainable route out of poverty. This will require Government to allocate sufficient funding so that all New Deal programmes can offer more personal adviser support and initiatives for staying in work – as in the successful Employment and Retention and Advancement demonstration pilot, which have shown some early promising results.
Lone-parent families

**Employment** – Lone parents face serious disadvantage in the labour market which will hinder the Government’s aim of a 70 per cent employment rate for lone parents by 2010. Achieving this will require a range of policy measures, including:

- Help with the transition to work by providing a weekly payment of £40 (£60 in London) for the first year to all lone parents who start work. This would be an extension of the New Deal Plus pilot scheme currently covering 45 per cent of lone parents.

- Jobcentre Plus to have measurable targets to reduce the high exit rates of lone parents entering work or training by providing personalised support to all lone parents entering work so that issues, such as childcare or lack of training and progression in work, can be addressed.

- Relax the rule requiring a person to work a minimum of 16 hours a week to qualify for working tax credits.

**Initiatives to tackle social exclusion** – encouraging lone parents into training and into jobs cannot be achieved on its own. Better co-ordination is needed between local statutory and voluntary agencies to address the social isolation, lack of confidence and often poor physical and mental health of many lone parents.

**Child maintenance** – Currently parents with care who are on benefits on the ‘new scheme’ are only allowed to keep £10 of any child maintenance paid by the non-resident parent. Parents on the old scheme don’t even get that. The Government should increase the amount that parents can keep – the Henshaw report estimated that if lone parents were to keep the full amount of child maintenance paid by the absent parent without it affecting their benefits (‘a complete disregard’) this could take up to 900,000 children out of poverty.

Families affected by disability

**An adequate minimum income** – Work will not provide the route out of poverty for many families affected by disability – because of parents’ caring responsibilities – so benefit levels must provide a better safety net for those who cannot work.

The Government should research the real extra costs of caring for a disabled child so that it can make informed decisions as to the level at which tax credits and benefits should be set.

**Employment** – Parents caring for a disabled child and parents who have a disability or health condition themselves, experience multiple barriers – from getting onto Welfare to Work programmes through to finding affordable and accessible childcare.

The DWP should improve access to Pathways to Work by widening eligibility and/or improving support within New Deals so that they can get help with managing a disability or health condition.

Government should provide extra help with childcare costs for families with disabled children by increasing the childcare element of the working tax credit to reflect the additional costs they incur. Extended schools must be inclusive of disabled children.

**Supporting families** – early intervention is needed to support families.

The Government should allocate more funding to provide short-breaks for parents – including access to sessional childcare, to give parents a few hours respite every week. Such services can make a real difference in helping parents to cope – sustaining relationships and avoiding family breakdown.
**Employment**

- The targets for Jobcentre Plus should include a specific emphasis on meeting the needs of parents of large families, especially through matching individuals with suitable part-time jobs which offer training and advancement.
- The upper limit of £300 on the childcare tax credit should be increased to reflect more realistically the costs incurred by large families.

**Improve educational attainment**

- Education must be truly free at the point of delivery. Local authorities must ensure that school uniform grants are provided to primary as well as secondary school children and that these cover the costs of all essential items, such as PE equipment.

**Children in asylum-seeking families**

- Adult asylum seekers should be permitted to work, so that they can support themselves, contribute to the economy and start to lift their families out of poverty.
- Adult asylum seekers should receive the equivalent of 100 per cent of income support and not 70 per cent as now.
- Section 9 of the Asylum and Immigration Act 2004, which would remove all support from failed asylum-seeking families who fail to leave, should be recognised as inhumane and ineffective and a formal decision made not to implement it.

**Children living in poor housing**

- The Government must increase the supply of decent, secure and affordable homes; we support Shelter’s call on the Government to deliver 20,000 additional social rented homes per annum on top of its target of 30,000 annually until 2011, making a total of 50,000 social rented homes per year.

**Young people**

- More funding is needed to provide appropriate skills training, particularly for young people who have missed out on pre-16 education. The Leitch review says that current training such as NVQs is not meeting employers’ needs; it identifies a need for more work-related life skills such as good communication and interpersonal skills.
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- As a means-tested benefit, income support payments should be based on individual financial circumstances and we are not aware of any evidence to show that over-25s have greater financial pressures than their younger counterparts. Therefore the age differentials should be discarded and young people should be assessed in the same way as adults.
- Working tax credits should be extended to those people under 25 who are on the minimum wage.

More work should be done to provide supported employment for care leavers and other vulnerable young people. For example, Barnardo’s Youthbuild Project in Paisley, Scotland has developed an excellent partnership with local construction companies, providing training and employment for young people.
Appendix 2: Methodological note on projections

The projections in this report are based on modelling by the Institute for Fiscal Studies (IFS). The original modelling was carried out for the Joseph Rowntree Foundation in 2006 and is reported, with details of the modelling methodology, Mike Brewer et al. (2006).

Additional modelling carried out by the IFS for the present study estimated breakdowns for subgroups of the population, and also adjusted the estimates in the light of Budget 2007 changes.

The modelling used the baseline of 2004/05 HBAI (after housing costs on the McClements scale) and for the groups below estimated what poverty rates would be by 2010:

- On present policies (including measures in 2007 Budget).
- If the additional £3.8 billion were spent as recommended in this report.

<table>
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<th>Group</th>
<th>Present population of children in group (millions)</th>
<th>% of children in this group in poverty (AHC) in 2004/05</th>
<th>% of children in this group in poverty</th>
<th>%age change</th>
<th>Approximate change in thousands (to the nearest 10,000, based on present population)</th>
<th>% of children in this group in poverty</th>
<th>%age change</th>
<th>Approximate change in thousands (to the nearest 10,000, based on present population)</th>
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Notes

1 The latest Households Below Average Income survey for 2005/06 shows that there were 3.8 million children living in poverty on an after housing costs measure – an increase of 200,000 since 2004/05 – and 2.8 million before housing costs – an increase of 100,000 over the previous year (Department for Work and Pensions, 2007a).


3 This 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 per cent of median income, after housing costs.

4 See Section 4

5 After housing costs – that is, rent/mortgage and council tax

6 All benefit figures relate to 2005/06 benefit levels and are after housing costs – the poverty line used is from 2004/05 Households Below Average Income (Department for Work and Pensions, 2006a), updated to 2006.

7 See Section 7

8 Department for Work and Pensions (2007a)

9 Department for Work and Pensions (2007a)

10 Equalities Review Panel (2007)

11 La Valle et al. (2007)

12 Smith et al. (2007)

13 Up to 80 per cent of costs: up to £175 for one child and £300 for two or more children


15 HM Treasury and Department for Education and Skills (2007)

16 The Department for Work and Pensions and the Welsh Assembly are programme bending aimed at ensuring ‘poverty proofing’ all policies for their impact on child poverty and the Welsh Assembly has introduced ‘programme bending’ aimed at ensuring that all funding and programmes benefit the poorest children and families the most.

17 Department for Work and Pensions and the Welsh Assembly are poverty proofing all policies for their impact on child poverty and the Welsh Assembly has introduced ‘programme bending’ aimed at ensuring that all funding and programmes benefit the poorest children and families the most.

18 This will cost £98 million in England, £6 million in Wales, £9.5 million in Scotland and £5 million in Northern Ireland for primary and secondary school children. This would cost about £90 to a child in the UK for 13 weeks of school holidays.

19 Donald Hirsch is an independent consultant on social policy. He is author of ‘What will it take to end child poverty?’ firing on all cylinders, published in 2006 by the Joseph Rowntree Foundation. He is special adviser to the Foundation, but writes this chapter in an independent capacity.

20 Hirsch (2006)

21 The figures used below come from the ‘Households Below Average Income’ survey for 2005/06, except where stated otherwise (Department for Work and Pensions 2007a). Note that the scale being used in this survey, published in March 2007, is different from that used in previous years. The way in which family income is ‘equivalised’, i.e. adjusted for household composition, has been changed from the ‘McClements’ scale to the ‘modified OECD’ scale, which allows easier comparison with other countries. The result is to raise slightly the number of children reported to be in relative poverty compared to previous publications, but all comparisons over time used here are on a common scale, and so represent genuine changes. Note also that the data used here is that released by the DWP in March 2007. In April the DWP issued a press notice announcing that a mistake had been made in processing data, and that in May correct figures would be released, and these are being awaited as this report goes to press. However the DWP also announced that the overall child poverty figures would not change. It is possible that some figures used in this report could change by a very minor amount.

22 Lyon et al. (2006) pp205-208

23 Palmer et al. (2006) page 3; Kenway et al. (2005) page 11

24 It is not possible to break down at a subregional level the percentage of people living below the relative income threshold, but analysis based on the number of people receiving out-of-work benefits shows that poverty is more than twice as high in some wards than the national average. For breakdowns see http://www.jrf.org.uk/chilipoverty/regional.asp

25 Data from Family Expenditure Surveys and Family Resources Surveys compiled by the Institute for Fiscal Studies show that between 1996 and 1998/99, child poverty never fell for more than two years in succession. Between 1998/99 and 2004/05 it fell six years in succession.

26 Hirsch (2006) page 42

27 Hirsch (2006)

28 Kenway et al. (2006)

29 Hirsch (2006)

30 That it, it could have been caused by errors in the estimate based on a sample survey, rather than a real rise in poverty in the whole child population.

31 Freud (2007)

32 Hirsch (2006)

33 The study suggested several illustrative packages that would achieve the target with this level of spending. Its central policy scenario comprised a rise in the child tax credit from £37 to £45.50 and of the family element by £20 each for the third and subsequent children (at 2006 prices).

34 Calculations supplied to the author

35 The calculations shown in this box do not take Northern Ireland into account, because these data were not available at the time of the modelling work. In 2007, the DWP has produced data for the whole of the UK, including a retrospective estimate of what it was in 1998/99. On this UK-wide basis, the baseline figure for child poverty in that year is 3.4 million, with a target of halving it to 1.7 million.

36 Before housing costs using the ‘modified OECD’ scale

37 The JRF report (Hirsch, 2006) also made projections for 2020, referred to in the individual sections below, but the 2020 estimates are subject to great uncertainty and the analysis here focuses on 2010.

38 Department for Work and Pensions (2007a)

39 The comparison is complicated by the fact that the projection shown here is based on the old definition of child poverty (‘McClements scale’) in order to ensure comparability with the way figures were analysed in 2004/05. But the latest figures reported for 2005/06 in Figure 3 are on the new basis (‘modified OECD’ scale). In 2004/05 on the old basis the risk for Pakistani and Bangladeshi children was 57 per cent; on the new basis in 2005/06 it was 67 per cent. The rise can partly be attributable to differences between scales, but is larger than this difference for other groups.

40 Department for Work and Pensions (2006a)

41 Department for Work and Pensions (2006b)

42 Equal Opportunities Commission (2006)

43 Department for Work and Pensions (2007a)

44 Department for Communities and Local Government (2006)

45 Gilborn and Mirza (2000)

46 All benefit figures shown in the case study chapters are for 2006, when the interviews were carried out, and all are after housing costs unless otherwise indicated.

47 Names have been changed in the case studies to protect identities

48 All cash poverty line figures are based on HBAT figures 2004/05 (Department for Work and Pensions, 2006a) and updated to reflect benefit and cost of living increases to 2006.


50 Harker (2006a)

51 Harker (2006b)

52 The Effective Provision of Pre-school Education Project (EPPE) tracked more than 3,000 children across Britain aged 3 to 10

53 Bell et al. (2005). This is a study of childcare use from birth to age 14 see www.ioe.ac.uk/projects/eppe

54 Gilborn and Mirza (2000)
...
‘I do without my dinner quite a lot – in fact I would say about four days out of the week, I pretend that I have had my dinner. I would rather give the kids their dinner.’

www.barnardos.org.uk/poverty