

Child Poverty in Scotland

Executive Summary:

1) In Scotland today, nearly a quarter of all children are living in poverty. This is a shameful statistic for the fourth richest country in the world. While Barnardo's welcomes and supports the Government's commitment to tackling poverty, we remain concerned that the current strategy will not reach all those in greatest need. Many people live outside the geographical areas targeted by Government. In addition, the primary focus on work as the main route out of poverty does not help those families for whom work is not an option – either because the jobs are not there, or because they have a disability, health problems, caring duties, or difficulties with child care or transport. We would like to see equal emphasis on supporting people who cannot work, with a welfare and benefit system which provides an effective and comprehensive safety net for all.

2) The way forward at Westminster:

- a) To publish as part of the 2007 Comprehensive Spending Review a coherent, cross-departmental strategy which sets out how the government will meet its own targets to end child poverty and the resources it will commit to achieve this
- b) Establish a minimum income standard necessary to maintain the good health and well-being of children.
- c) Ensure that all initiatives aimed at taking children out of poverty reach the most vulnerable groups of children who are persistently and severely poor throughout their childhoods, such as disabled children, children in large families, children in one parent families, asylum seeking children and some groups of black and minority ethnic children
- d) Make changes to the benefits system so that those young people who are living independently receive the same income support and JSA as those aged 25 and over
- e) Introduction of a statutory interest rate ceiling to protect the poorest families from exploitation by credit companies

3) Barnardo's is also calling for a parallel Scottish Executive strategy setting out how devolved policies will be used to contribute to the eradication of child poverty – in particular we call on the Scottish Executive to focus on:

- a) further investment in developing high quality, affordable childcare
- b) develop measures of targeted practical support for young people not in education, training or employment
- c) renewed focus on improving outcomes for young people leaving care
- d) increased scope for fuel poverty measures to include vulnerable families.
- e) extension to free school meal entitlement to all children living in poverty, and to childcare settings outwith school grounds and outwith the school calendar

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Barnardo's would be pleased to provide oral evidence to the Committee.

Child Poverty in Scotland:

4) As a leading children's charity, Barnardo's is primarily concerned with the impact of poverty on children. Article 27 of the UN Convention of the Rights of the Child¹ says that every child should have the right to 'a standard of living adequate for the child's physical, mental, spiritual, moral and social well-being.

5) The latest Scottish Executive statistics on households below average income state that 23% of Scottish children are living in relative poverty today.² While the numbers have improved in recent years, the figure in 1968 was just 10%.³ The same figures indicate that 13% of children still live in absolute poverty. 15% of UK children are living in persistent poverty⁴ – that is living in poverty for at least three of the last four years.

6) In 2005 UNICEF published "Child Poverty in Rich Countries 2005"⁵, which collated data from previous years to produce comparative figures. With poverty defined as households with income below 50% of the national median income, Denmark and Finland lead the way with 2.4% and 2.8% respectively, the UK lags at 15.4%, with only a few countries such as Italy (16.6%), the USA (21.9%) and Mexico (27.7) faring worse.

7) 2005 figures from the Child Poverty Action Group⁶ compare child poverty in Scotland compared with other parts of the UK, suggesting that relative poverty in Scotland is slightly less than the UK average. However the Scottish Index of Multiple Deprivation found that over two thirds of the most deprived areas are concentrated in Glasgow City, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire and West Dunbartonshire⁷. This presents particular challenges to policy makers.

Contributing Factors:

8) In our supposedly meritocratic society, the most reliable predictor of living in poverty is to be born into poverty. Research has shown that most people remain in the same quarter of income distribution as their parents⁸. In fact, the chance of being better off than their parents has reduced for people who grew up in the 1970s and '80s, compared with people who grew up in the 1960s and '70s. Other studies show that low family incomes can persist, with between 6% and 9% of all children remaining in the poorest fifth of households for five consecutive years.⁹ Even where families move out of poverty according to official statistics, many see only a few pounds' difference in their income each week rather than a permanent move to a higher income bracket.¹⁰

¹ Available from <http://www.ohchr.org/english/law/pdf/crc.pdf>

² <http://www.scotland.gov.uk/Resource/Doc/95793/0023203.pdf>

³ Child Poverty in Social Inclusion Partnerships, Scottish Executive Central Research Unit 2002
<http://www.scotland.gov.uk/Publications/2002/10/15233/9819>

⁴ <http://www.dwp.gov.uk/asd/hbai.asp>

⁵ UNICEF, Innocenti Research Centre (2000) *A league table of child poverty in rich nations*. UNICEF. See <http://www.unicef.ca/press/childpoverty/>

⁶ http://www.cpag.org.uk/campaigns/media/CPAG_HBAI_2006_Media_Briefing.pdf

⁷ See <http://www.scotland.gov.uk/Publications/2005/09/2792129/21311>

⁸ *Research review: the persistence of poverty over time*. Poverty, the Journal of Child Poverty Action Group (2002) Issue 112, p 18

⁹ UNICEF, Innocenti Research Centre (2000) *A league table of child poverty in rich nations*. UNICEF

¹⁰ Piachaud, D and Sutherland, H (1999) How effective is the British government's attempt to reduce child poverty? CASE/ESRC

9) One of the most serious problems of long-term poverty is debt: households with children are more likely than others to have levels of expenditure above their weekly income levels.¹¹ The cumulative effect of chronic poverty is increasing social exclusion, which can be passed from generation to generation.

10) Although our education system is in principle free, parents still have to pay out for uniforms, activities, school trips and classroom materials, with recent research suggesting average costs of £948 a year for secondary and £563 a year for primary pupils.¹² Both parents and pupils report experiencing considerable disadvantage in school due to difficulties in covering extra costs. School holidays represent extra challenges, with increased costs in entertaining children and loss of free school meals.

11) There are additional costs associated with rural living, such as increased fuel and transport costs, lack of access to cheaper shopping and lack of access to services (including extended or integrated school services).

12) Both Westminster and Holyrood policies contribute to poverty reduction. It is reserved matters – Treasury and Social Security – that have greatest potential to impact on poverty. However there are also measures within the Scottish Executive’s remit which can significantly impact on child poverty.

The Cost of Poverty:

13) Child poverty is expensive, as well as morally unjust. The Barnardo’s report “Counting the Cost of Child Poverty”¹³ outlined how investment in early intervention and support could have made a difference to the lives of eight real people. The sums saved through avoiding later court appearances and custodial sentences, unemployment and ill health greatly exceed the costs of early intervention and support.

Impact of Government Policy – recommendations to Westminster:

14) The Government has concentrated on employment as the primary way out of poverty for families with children. Measures such as the Child Tax Credit are intended to make work pay for those on low incomes and have had significant success. However, it is estimated that finding paid work for all families with school-age children would involve a major expansion of UK employment by 1.5m jobs.¹⁴ And while tax credits have helped, they do not reach children in families where the parents are unable to work through sickness or disability, or lack of affordable child care.

15) Those families without a working adult are receiving very low levels of benefit. League tables on child poverty show that countries which have a high rate of social expenditure have

¹¹ Howarth, C et al (1998) *Monitoring poverty and social exclusion*. York Publishing Services for the Joseph Rowntree Foundation

¹² http://www.citizensadvice.org.uk/schools_leaflet_5_final.pdf

¹³ <http://www.barnardos.org.uk/countg.pdf>

¹⁴ Piachaud, D and Sutherland, H (1999) How effective is the British government’s attempt to reduce child poverty? CASE/ESRC

correspondingly low rates of child poverty¹⁵. Eradicating poverty in the UK will involve increases to key benefits, and we must be prepared to fund these if we are committed to achieving that goal.

16) Recent research from the Joseph Rowntree Foundation¹⁶ shows that to meet the target of eradicating child poverty by 2020 the Government will need to continue and increase support through tax credits, but also raise the level of key social security benefits, provide education and training to disadvantaged groups, improve childcare and promote equal pay for women. The report states that it would cost £4bn, that is 0.3% of GDP to halve child poverty by 2010, with a further 1.6% of GDP to reach the 2020 target. Although this sounds like a huge investment it means sacrificing one year's economic growth out of 14.

17) There are 33,000 disabled children in Scotland¹⁷. The increased costs of supporting a disabled child, along with the reduced ability for parents to go out to work, means that these families suffer increased likelihood of poverty¹⁸. Capability Scotland report that "one in five families with a disabled child live on under £200 per week income"¹⁹. Only measures to address benefit levels can be sure to reach this population.

18) Barnardo's is supporting the Child Poverty Action Group campaign²⁰ to tackle poverty by increasing the rate of child benefit and ensuring that second and subsequent children do not generate a smaller payment than the first. Barnardo's Scotland also supports the Scottish Campaign on Welfare Reform, which has expressed concern that the proposed Welfare Reform Bill does not provide either enough support for those wanting to move into work or enough protection for those who are unable to work. This latter point is crucial – welfare to work has so far been successful in reducing numbers in poverty, but this alone will not be sufficient to meet the poverty targets and must be complemented by other measures.

19) The national minimum wage is lower for those under 22, although prices in shops are not. Furthermore young people have been singled out for especially severe benefit cuts, including reduced housing benefit entitlement. The universal entitlement to welfare benefits for 16 and 17 year olds was withdrawn in 1988 and replaced with the guarantee of an offer of suitable youth training for all. Only young people who could prove that they were estranged from their families and in 'severe hardship' were eligible for short-term payments of income support.

20) While there have been some changes in this system to allow easier access, many young people still find it difficult to obtain benefits when they are unable to live with their families. It is particularly important that such young people have an adequate income and are able to afford somewhere decent to live. The government places great emphasis on getting young people into work, but it is difficult to think about further education or employment when you do not have a settled home or sufficient money for basic needs. Young people who are living independently should get the same rates of income support and JSA as those aged over 25.

¹⁵ UNICEF, Innocenti Research Centre (2000) *A league table of child poverty in rich nations*. UNICEF. See <http://www.unicef.ca/press/childpoverty/>

¹⁶ See <http://www.jrf.org.uk/knowledge/findings/socialpolicy/0366.asp>

¹⁷ Disability in Scotland 2005-2020: A state of the nation report. Disability Rights Commission. June 2006 http://www.scottishcouncilfoundation.org/pubs_more.php?p=55

¹⁸ Woolley, M (2004) *How Do They Manage? Income and Expenditure of Families with Severely Disabled Children*. York: Family Fund.

¹⁹ Key Facts About Disability, Capability Scotland. http://www.capability-scotland.org.uk/about_us.asp?pageld=1.1

²⁰ See <http://www.makechildbenefitcount.org/>

21) We suggest that *the Government should set up an independent commission to conduct research into what constitutes an adequate level of income* so that it can make informed decisions as to the level at which benefits, tax credits and the minimum wage should be set. It is difficult to see how poverty can be ended without knowing how much money a family needs to live on.

22) We also recommend *the introduction of a statutory interest rate ceiling in the UK*, in line with most other European countries, to protect the poorest families from exploitation by credit companies.

23) Finally, *the Westminster Government should publish, as part of the 2007 Comprehensive Spending Review, a coherent cross-departmental strategy which sets out how the Government will meet its own targets to end child poverty* and the resources needed.

Impact of Government Policy – recommendations to Holyrood:

24) *Following the Comprehensive Spending Review the Executive should set out their own comprehensive strategy setting out how devolved policies will be used to contribute to the eradication of child poverty.* The Welsh Assembly has already produced a poverty strategy which looks at all departmental policies.

25) The widespread availability of good quality child care is crucial, both in enabling parents to work or train for jobs, and in giving children a head start in life. Early years care and education is known to improve children's future educational achievement and health, but almost all child care services for children under three are commercial arrangements for those whose parents can pay. *Programmes such as Sure Start fulfil an important role but are still a long way from providing the numbers of child care places needed and further development of this support is essential.*

26) The recent Scottish Executive strategy to reduce the proportion of young people not in education, employment or training²¹ claimed a headline figure of 35,000 (13.5%) young people in Scotland between the ages of 16 and 19 who are in this situation. The strategy identified "care leavers; carers; young offenders; young parents; low attainers; persistent truants; young people with physical/mental disabilities; young people misusing drugs or alcohol" as most likely to form this group. Barnardo's Youthbuild service assists people from the most deprived areas of Renfrewshire into sustainable employment through the provision of comprehensive personal support, relevant industry training, quality work experience and guaranteed employment. *We suggest that replicating this model would provide a targeted response to the needs of the NEET group.*

27) The process of leaving care has a major impact on young people. Government policies on social security and housing are based on the assumption that young people are able to remain at home with their families, but many young people leaving the care system have no choice but to live independently. Furthermore young people leaving care generally do so with poorer education and health outcomes than their peers. *Regulations are in place to guide support for young people leaving care. However further action is needed to ensure compliance and good practice across the country.*

²¹ More Choices, More Chances: A Strategy to Reduce the Proportion of Young People not in Education, Employment or Training in Scotland. Scottish Executive, June 2006.
<http://www.scotland.gov.uk/Publications/2006/06/13100205/0>

28) Figures from the Scottish House Condition Survey in 2002²² found 286,000 households in fuel poverty in Scotland. In over ten percent of these households there were children, suggesting a total of 46,000 Scottish children living in fuel poverty. The Scottish House Condition Survey estimated that for every 5% rise in average annual fuel price, an estimated 30,000 more households would go into fuel poverty. Gas and electricity prices are both rising and Energywatch reports that since 2003 average domestic energy bills have risen by 63 per cent for gas and 44 per cent for electricity²³ - suggesting that the number of Scottish children living in fuel poverty may have reached 100,000. *Eligibility for the Scottish Executive's central heating programme, the key mechanism for tackling fuel poverty, should be extended to vulnerable families.*

29) As indicated above the proportion of Scottish children considered to live in poverty is now 23%. Yet only 19% of school children are eligible for free school meals. A recent Barnardo's report "Food Poverty in the School Holidays"²⁴ reported on interviews with Scottish families living in poverty and found that they experience additional financial pressures when children are out of school. The lack of free school meals was one contributing factor in this. *Consequently free school meal entitlement should be extended to all children living in poverty, and to childcare settings outwith school grounds and outwith the school calendar, which would allow for new provision to support families when free school meals are not available.*

²² See <http://www.scotland.gov.uk/News/Releases/2003/11/4517>

²³ See http://www.energywatch.org.uk/uploads/Energy_Brief_Volume_1_2006.pdf

²⁴ <http://www.barnardos.org.uk/foodpovertyreportv3.qxd.pdf>