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Challenging ideas for a fairer future

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# Child poverty and life chances

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# Overview

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- 1. Child poverty - key facts**
- 2. Causes and impacts**
- 3. Poverty & infant mortality**
- 4. The UK's policy approach 99-10**



# 1. Child poverty

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## 1. Child poverty: key questions

- How is it measured?
- How big is the problem?
- How does the UK compare?



# How is it measured?

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The Government measures child poverty in three ways:

- **Relative poverty (headline measure)**

*“The proportion of children living in households with below 60% of median net disposable income, before housing costs or after housing costs”*

Source: DWP 2009 *Households Below Average Income* London: DWP



# How is it measured? (2)

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- **‘Absolute poverty’** measures capture whether or not the poorest families are seeing their incomes rise in real terms (i.e. in line with inflation, rather than other households).
- **‘Material deprivation’** measures combine the level of ownership of ‘necessity goods’ with whether or not a household has low income.



# How big is the problem?

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- 2.9 million children (23%) were living in **relative poverty** in 2007/8 (the most recent data available).
- In the same year, 1.7 million children were in **absolute poverty**, down from 3.4 million in 1999.
- **Material deprivation** for 2007/8 was measured at 2.2 million.



# How big is the problem?

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- In 1979 around **one in ten** children were in poverty, but by 1999 this had risen to well over **one in four**.
- Concerted efforts between 1999 and 2005 on the back of a government pledge to reduce child poverty (more on this later) saw this trend reversed, and children in poverty fell from 26% to 21%.
- “600,000 children have been lifted out of relative poverty since 1997”

Source: HM Treasury 2008 *Ending child poverty: everybody's business*



# How big is the problem?

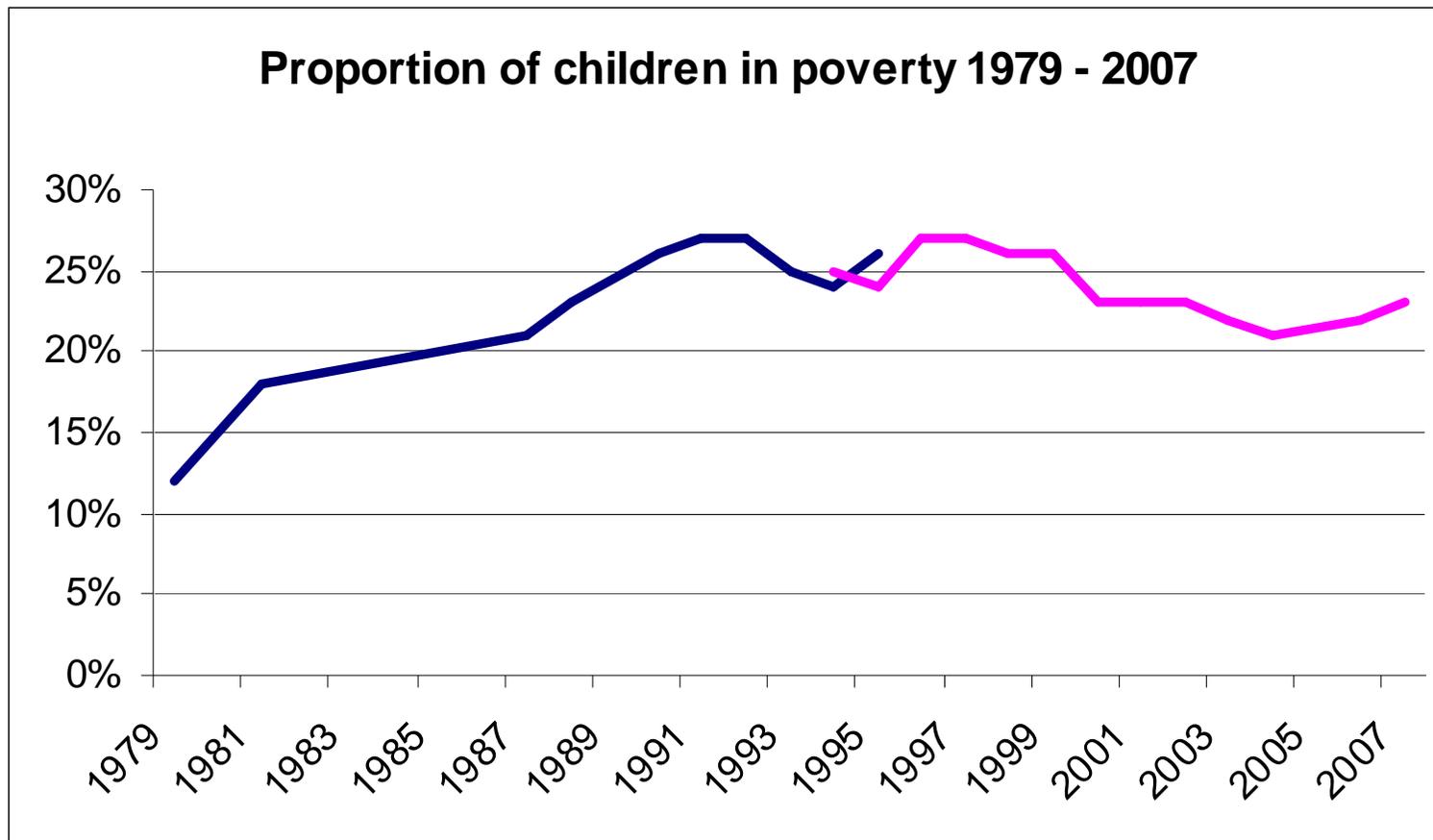
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- But there is another twist to the tale: data released since 2005 shows that by 2008 this had crept back up to 23% - an increase of 200,000 in three years.
- The impact of the recession is likely to be mixed – more unemployment but also limited earnings growth.



# How big is the problem?

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Source: Households Below Average Income (HBAI) 1994/95-2005/06



# How does the UK compare?

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- In mid 2000s, Mexico, the USA, Italy, New Zealand and Ireland had greater child poverty than the UK, but the majority of OECD countries have lower levels.
- UNICEF described the child poverty level of the UK as 'exceptionally high'.

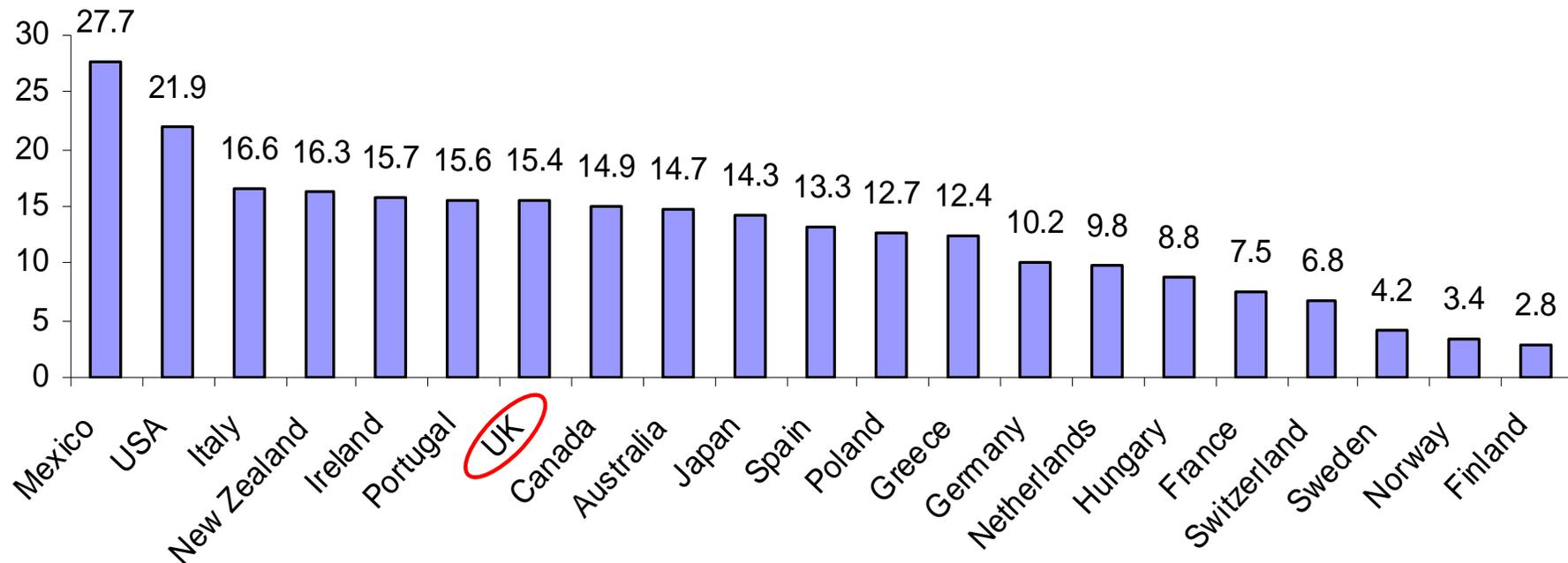
Source: UNICEF Innocenti Research Center 2005 *Child Poverty in Rich Countries*



# How does the UK compare?

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### Percent of children living in poverty, by country



Note: UNICEF use a measure based on households with less than 50% of the national median income, so the UK level here (15.4%) is lower than those previously stated (which use a 60% threshold).



# Child poverty: summary

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- Despite significant progress in the early 2000s – policy works - child poverty is once again on the rise.
- The UK compares badly, both to its European neighbours and to countries with similar levels of wealth.



## 2. Causes and impacts

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### 2. Causes and impacts on children and families

- What are the characteristics of families with children in poverty?
- Parental employment
- Other factors: region, ethnicity & disability
- Impacts on children and the generational 'trap'



# Family characteristics

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- Looking at the characteristics of families in poverty gives us an insight into the causes of child poverty.
- There is a strong correlation between parental unemployment and the likelihood that their children will be in poverty.
- The largest proportion of children in poverty (31%) live with a lone parent who is not working.

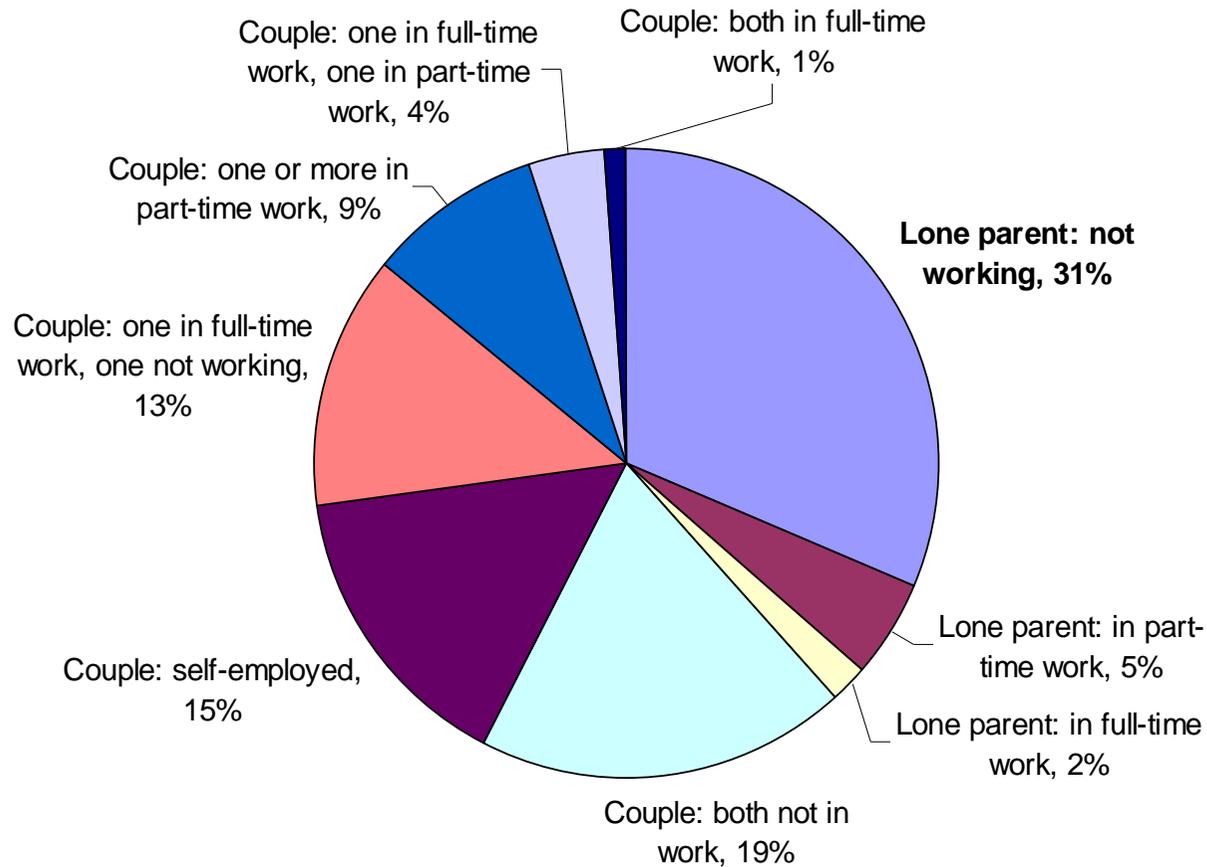
Source: Households Below Average Income (HBAI) 1994/95-2005/06



# Parental employment

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## All children in poverty by parental employment





# Work and income

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- A child's risk of being in poverty falls from 58% to 14% when one or both parents are working.
- However, some parents may find difficulties gaining and sustaining work due to constraints such as low skills, a lack of suitable opportunities, poor health and disability or difficulties with childcare or other caring responsibilities.
- Frequent transitions into and out of work not only affect income but can be disruptive and damaging to a child's wellbeing.
- Note: In the last few years there has been growth in the number of children in poverty in families who are in work due to a rise in the numbers of 'working poor'. Expect policy change here.



# Regional factors

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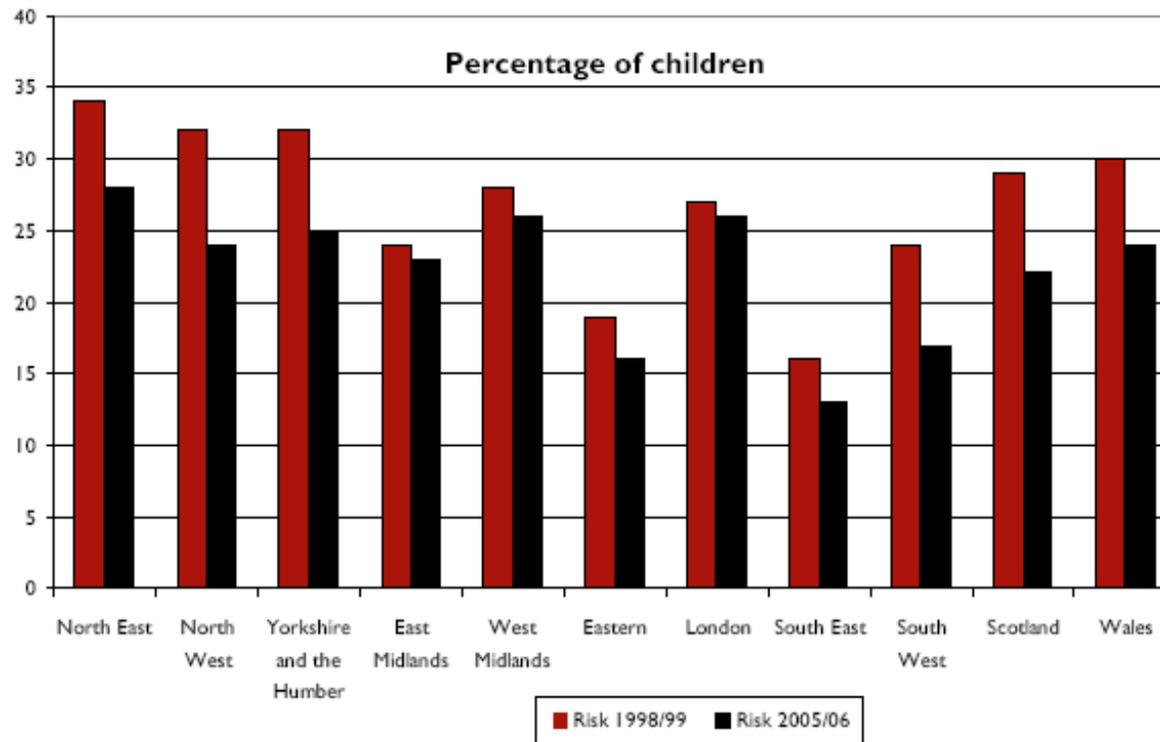
- The likelihood that a child will live in poverty varies to a large extent depending on where he or she lives.
- Living in London or the North of England increases the risk of poverty by up to 20% compared to South East of England.



# Risk by region

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### Chart 2.2: Risk of child poverty by region



Source: Family Resources Survey, results are three year averages

Source: HM Treasury 2008 *Ending child poverty: everybody's business*



# Ethnicity

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- In 2008, more than one in three ethnic minority families were living in poverty.
- 58% of Pakistani or Bangladeshi children grow up in poverty, compared with 19% of white children.



# Other factors

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- While the average risk of child poverty is 22%,
  - children in families with one or more disabled adults face a high risk of poverty at 31%: around 700,000 children in this situation live in poverty.
  - children in families with 4 or more children have a 40 per cent risk of poverty



# Causes: summary

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	Workless couple	Workless lone parent
Number of poor children	500,000	900,000
Risk of poverty	64%	56%
<b>Proportion of these families with the following characteristics associated with labour market disadvantage:</b>		
Disability	55%	31%
	(42% disabled adult only, 3% disabled child only, 10% both)	(19% disabled adult only, 7% disabled child only, 5% both)
More than 3 children	51%	38%
Child under 5	53%	46%
Caring responsibility	26%	13%
Ethnic minority	31%	19%
Social housing	56%	73%
At least one of the above characteristics	95%	89%

Source: Child Poverty Unit analysis of HBAI data 2005-06, based on a sample survey, numbers rounded to nearest 100,000 and whole percentage



# Impacts: child development

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- There is strong evidence that patterns of cognitive development, emotional well-being and behavioural development established by the age of 5 have a direct link to achievements in later life.
- Differences in early child development are strongly linked to inequalities in income and social class.
- ‘Bright’ children from low income families are overtaken by less able children from wealthier families at 22 months.
- Development in the early years has a large impact on children’s ability to get the most out of formal education

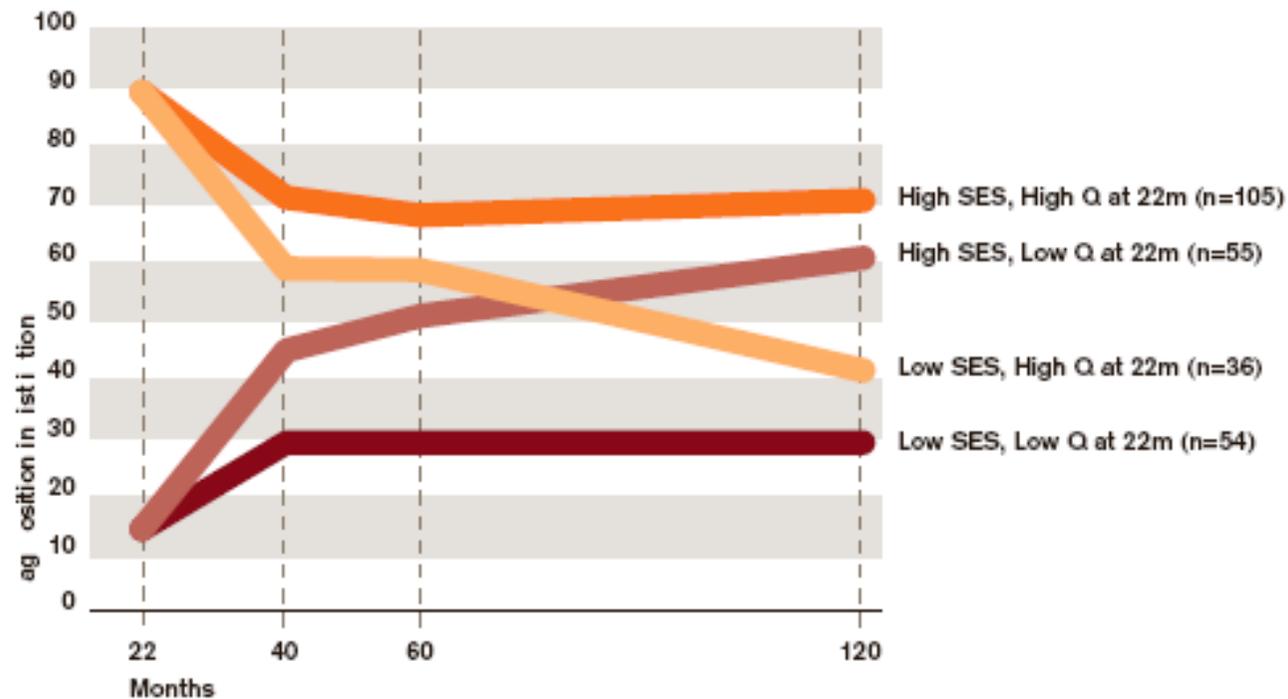
Source: Marmot, M. & Wilkinson, R. (eds) (2003) *Social determinants of health: The solid facts*. WHO



# Impacts: child development

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Figure 2. Average rank of test scores at 22, 42, 60 & 120 months by SES of parents and early rank position

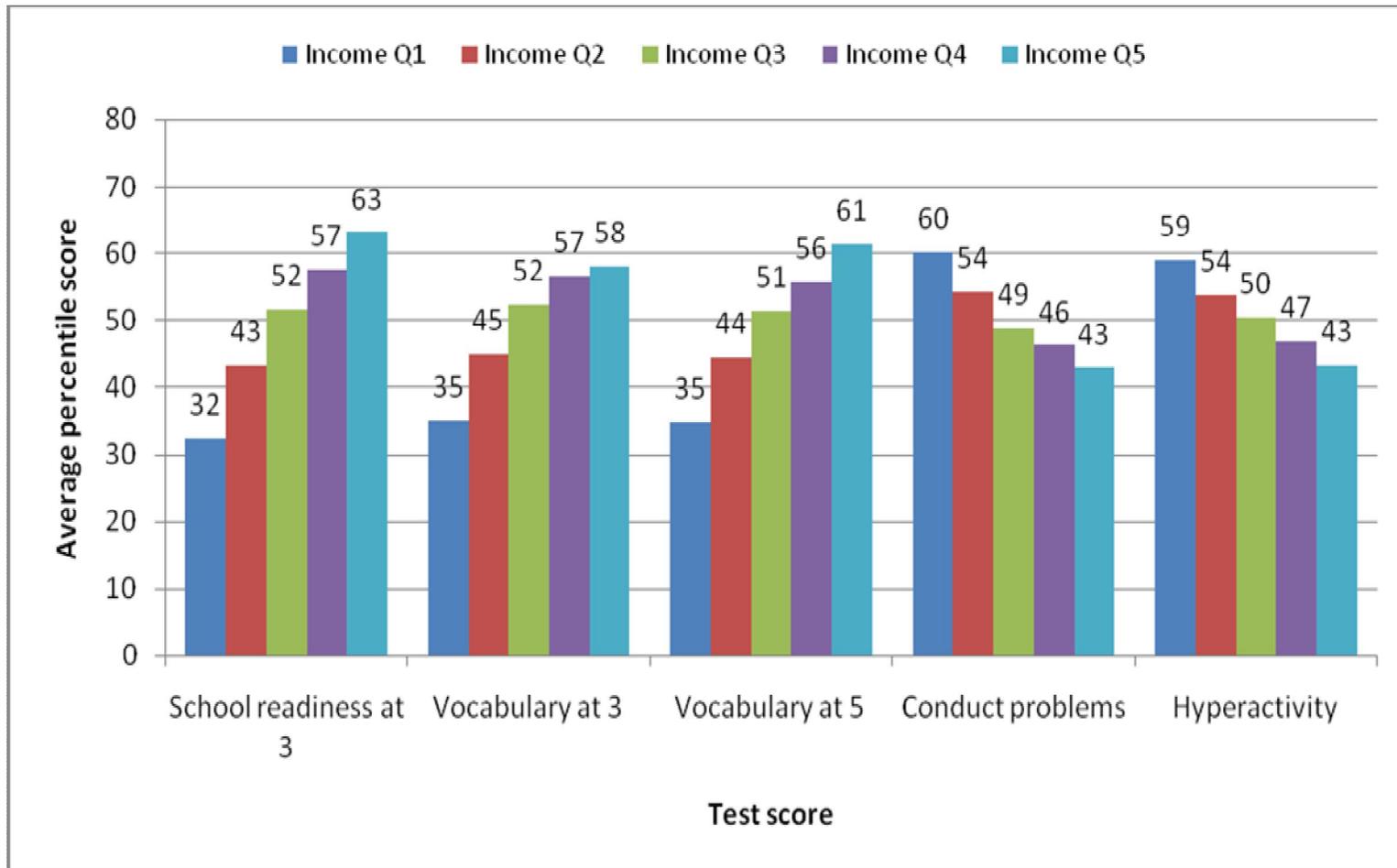


Source: Feinstein, L (2003) *Very Early*, in CentrePiece Summer 2003



# Impacts: child development

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Source: Waldfogel, J (2008) *Social Mobility and the Early Years*



# Impacts: intergenerational

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- These factors contribute to intergenerational cycles of deprivation, as future generations become trapped. Low family income leads to low achievement by a child, which leads to low income for that child later in life.
- Blanden, Gregg and Machin (2005) found that four in ten 35 year old men in the lowest income quartile, had fathers who had also been in the lowest income quartile while they were growing up.
- Communities as well as individuals suffer from this cycle: low incomes, poor services, high crime rates and low aspirations are all inter-connected.



# Teenage motherhood

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- This intergenerational problem is demonstrated by the case of teenage mothers.
- Young mothers who lived in poverty sometime as a child are
  - over four times as likely to have been a lone parent;
  - over three times as likely to live in social housing and to have no qualifications;
  - more than twice as likely to have had an extramarital birth, be claiming non-universal benefits, to be cigarette smokers, and to have high malaise scores.
- So teenage pregnancy is both a **cause** and an **impact** of child poverty, creating a cycle between the two.



## 3. Infant mortality & child poverty

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### 3. Infant mortality and child poverty

- Is there a link?
- Occupational factors
- The single parent factor



# Is there a link: yes

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- **All** causes of neonatal death are correlated to socio-economic status.
- All **except one** cause of post-neonatal deaths (diseases of the nervous system and sense organs) show a socio-economic gradient.

Source: Department of Health 2007 *Review of the Health Inequalities Infant Mortality PSA Target*



# Occupational factors

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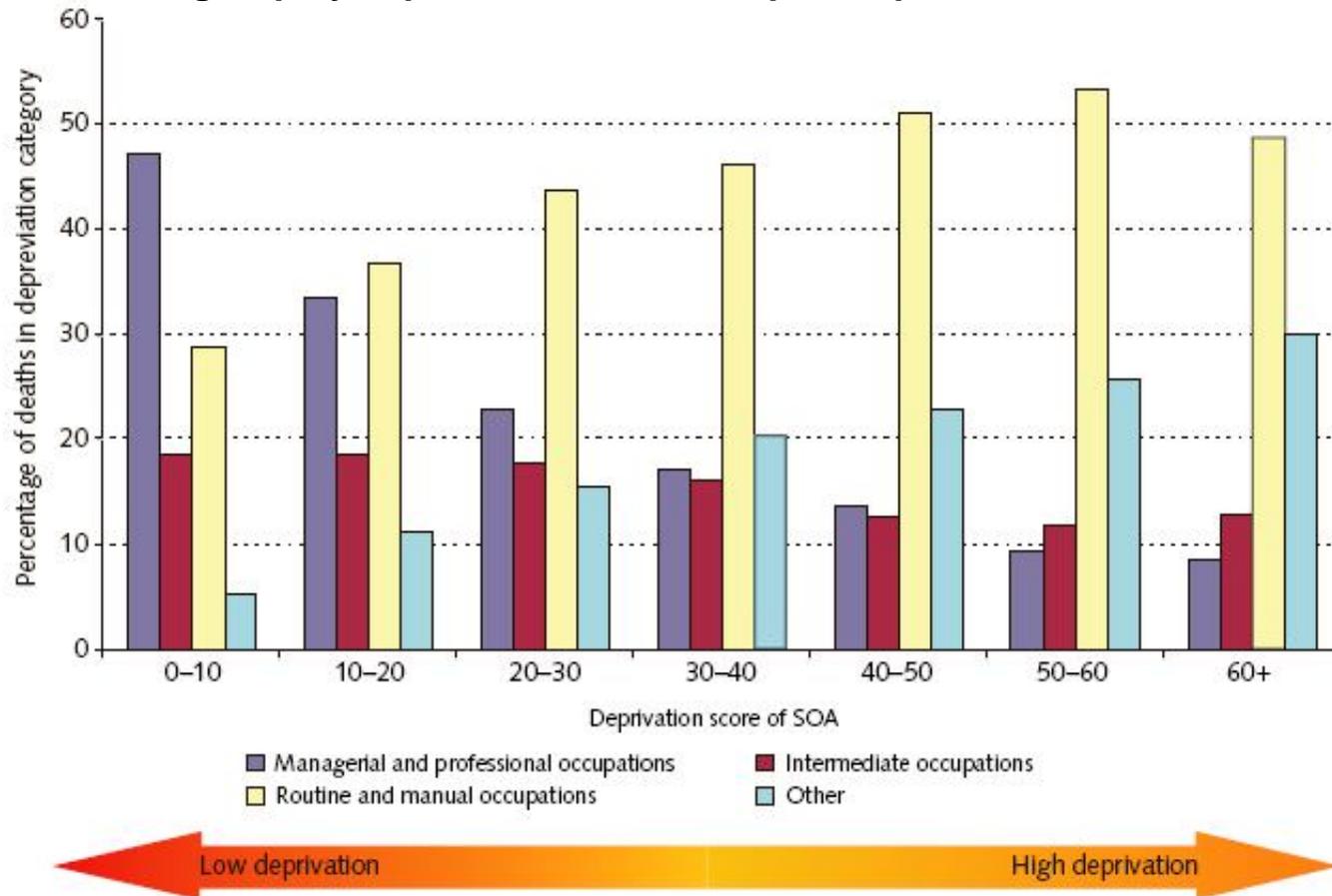
- This link is demonstrated when we break down the rate of infant mortality by parental occupation.
- Infant mortality rates are significantly higher among those working 'routine and manual' jobs than those in 'intermediate' or 'managerial/ professional' roles – rates are higher among those with lower incomes.
- The overall rate of infant mortality in both groups is decreasing, as expected.
- However, the gap between the two groups is slightly larger than it was in 1994/1995, meaning that the mortality rate among routine and manual workers is falling more slowly than that among professionals.



# Occupational factors (2)

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Percentage of infant deaths in each National Statistics Socio-Economic Classification group by deprivation score of super output area birth cohorts 2001–2003



Source: ONS, London Health Observatory (LHO) analysis



# Single-parent factor (again)

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- As with child poverty, the infant mortality rate among sole registrants (births registered by the mother only) is **one third** higher than all births within marriage or jointly registered.
- So child poverty, high infant mortality rates and single parenthood are all strongly related.



# 4. The UK policy approach

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## 4. The UK's policy approach 1997-2010

- The 1999 pledge
- Key legislation
- Three policy areas: getting parents working, financial support and investment in children
- Success?
- Looking ahead



# The 1999 pledge

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

Tony Blair  
Beveridge Lecture  
18 March 1999



# The 1999 pledge: targets

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- Using the 1998 levels as a benchmark, the target was set for child poverty to be **halved by 2010**, and to be **eradicated by 2020**.
- The pledge marked a turning point in policy, beginning efforts amongst policy-makers to tackle child poverty head-on.



# Key legislation & policies

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- **Children Act 2004 and Every Child Matters:** set out plan to give support to children brought all local government functions of children's welfare and education under the statutory authority of local Directors of Children's Services.
- **Children's Plan 2007:** a 10-year strategy to make Britain the best place in the world for children to grow up. Includes educational, social, health and crime objectives.
- **Child Poverty Unit 2007:** a specialist team dedicated to child poverty was established from DWP, Treasury and DCSF officials.



# Legislation & policies (2)

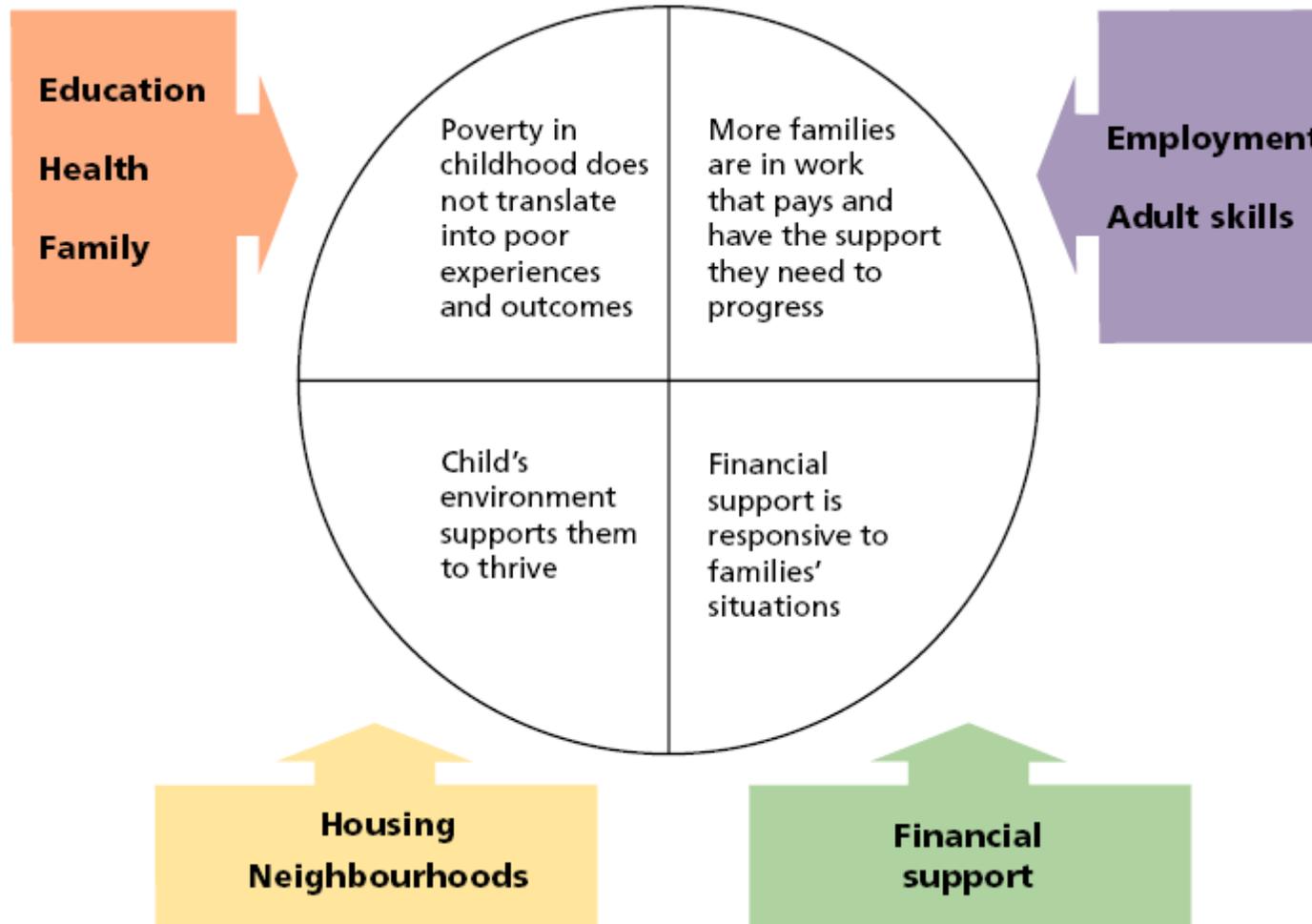
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- **Child Poverty Act March 2010:** enshrines in law, for the first time, the commitment to eradicate child poverty by 2020. Responsibility is devolved, i.e. lies with each national government rather than the UK as a whole.
- **Child Poverty Strategy:** under development, this must be published within 12 months of the 2010 Act, i.e. by March 2011. Identifies 8 'building blocks': education; health; family; employment; adult skills; housing; neighbourhoods; and financial support.



# Child Poverty Strategy

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# Three policy areas

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- **Policy focused on three strands**
  - Getting parents into work
  - Financial support
  - Investment in programmes and services for children



# Encouraging employment

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- Encouraging work in families with children has been a key focus
  - the establishment of a National Minimum Wage and massive expansion of tax credits to make work pay
  - New Deals for economically inactive
- Lone-parent employment increased from 45% to 57% from 1997 to 2008, and the number of those receiving benefits fell by 25% over the same period.

Source: Waldfogel, 2010, *Britain's War on Poverty*



# Financial measures

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- Financial support has accompanied welfare-to-work programmes;
  - Significant real increases in the value of Child Benefit
  - New Children’s Tax Credit in 2001: unlike WTC, not dependent on parental employment
- The bottom 20% of families have gained £4,500 per year in real terms, while the average family has gained £2,000 per year



# Investing in children

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- Free pre-school extended to all three year olds in 2004.
- Statutory maternity leave increased from 18 weeks to 39 weeks. Commitment to extend this to 52 weeks in April 2010 has been 'postponed indefinitely'.
- Sure Start introduced, a community-based childcare programme for families in the lowest income areas.
- There are now around 3,500 Sure Start Children's Centres.
- Nurse-family partnerships work with young mothers during pregnancy and beyond
- Child Poverty Strategy intended to progress these measures.



# Pledge: rhetoric or reality?

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- The headline targets of the pledge were to halve child poverty by 2010 and 'eradicate' it by 2020 (based on the 1998 levels).
- Although data for 2009/10 has not been published, it is believed that this target has been missed by around 600,000, based on the increase in child poverty we saw earlier between 2005-2008 and the impact of the recession.
- The 2020 target also looks unlikely to be met, because of: less than expected progress to 2010; the lasting effect of the recession; and upcoming public spending cuts in 2011/12.



# Summary

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- Despite major improvements since 1999, increases in child poverty since 2005 give cause for concern – targets will be missed.
- Infant mortality is directly related to child poverty, and both are linked to parental status, age of mother, region, community factors and ethnicity. In other words, the two problems form part of a complex web of wider social issues.
- Labour has taken child poverty seriously since 1997, but this commitment will have to be extended and expanded if the next government hopes to reach the 2020 target. Most important achievement may have been to change the terms of the debate – no-one in a mainstream party would now say child poverty wasn't an issue.



# A bright future? SR 2010

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- An extension from 2012-13 to 15 hours per week of free early education and care to all disadvantaged two year old children
- Protecting funding for Sure Start services in cash terms, including new investment in Sure Start health visitors (but not children's centres);
- abolition of the health in pregnancy grants
- Benefit cap to workless families
- IFS' briefing <http://www.ifs.org.uk/projects/346> – says poor working families have been hit the hardest