

The Government's Invisible Million: Britain's Poorest Children

Introduction

Britain's Poorest Children Revisited updates Save the Children's original report which found that up to a million children were living in severe and long-term poverty. This new report shows there has been little or no improvement in the percentage of children living in severe poverty in Britain.¹

What is poverty?

- *Britain's Poorest Children Revisited* defines poverty as living in a household with an income below 60% of median income.
- Severe poverty means living below 27 per cent of median income. This is about £132 a week * (or £6,864 per annum) for a family of two adults and two children and £97 a week for a single parent with two children. Out of this, all food, clothes, heating, other bills, transport and school uniforms amongst other items must be purchased.
- Non-severe poverty is defined as between 27 per cent and 60 per cent of median income.
- Persistent or long-term poverty means living below the poverty line for three or more years during a five year period.
- Severe and persistent poverty means living for more than three years in poverty with at least one year at severe levels.

* 2003/4 figures

The UK Government has celebrated its achievements in delivering a general decline in child poverty. However, current policies appear to have made little impact on children in most need. Although we applaud the Government's commitment to eliminating child poverty, it does not have a strategy to help the most vulnerable children. Until it has a strategy for the poorest, the Government will fail to meet the target of ending child poverty by 2020.

Save the Children believes the needs of children who live in both severe and persistent poverty must be urgently addressed so they can afford both the necessities and benefit from the same opportunities to reach their potential as their peers.

How does the Government measure poverty?

To date the Government has refused to measure severe child poverty. The current official poverty measure – 60 per cent of median household income after housing costs – enables us to see how many children are living below the poverty threshold but it does not show the depth of poverty. If the Government is not measuring severe poverty it cannot target its policies to those most in need, which risks the poorest children slipping through the net.

Key findings of the report

Groups most at risk were:

Families with young children

Poverty is more persistent among families with younger children. Children in households where the youngest child is under ten are most likely to experience severe and persistent poverty.

Save the Children's view

Research suggests that the high costs of childcare prevent many young families taking up work and therefore escaping poverty. A full-time nursery place for a child under the age of 2 costs an average of £7,500 a year² (£144 a week). The average award through the childcare element of the Working Tax Credit is £51.21 a week, with no extra help for parents with three or more children. The Government must do more to assist young families to escape poverty by ensuring that they are able to take up work. This should include helping with the costs of childcare for families with young children.

Young people leaving the family home

The report found a strong link between short-term and severe poverty and young people who leave the parental home to live independently. The UK has a much higher proportion of young people aged 16-19 living in severe poverty than other European countries.³

Save the Children's view

Young people have reduced benefits and a reduced minimum wage. For example, the Income Support/Jobseeker's Allowance for a single person aged under 18 is £22.35 less than for someone who is over the age of 25. The latest minimum wage figures show that at only £3 an hour, 16-17 year olds receive £2 an hour less than those aged 22 and over. These levels are inadequate for young people trying to support themselves. It is clear to see how the most vulnerable can fall into poverty. The Government must tackle the needs of young people with policy measures that will protect them from poverty.

Large families

Children in large families face a higher risk of severe and persistent poverty: 61 per cent of children in severe and long-term poverty were growing up in households of three or more children. UK Child Benefit pays more to the first than subsequent children, unlike most other industrialised countries, some of which (such as Belgium, France and Germany) pay more for the third and subsequent children.

Save the Children's view

The Government needs to adjust its policies for larger families, for example, providing an addition for larger families in the Child Tax Credit system or set Child Benefit at an equal rate for all children, whether first born or not.

Transitions into and out of work

The deepest poverty is actually felt when people suddenly lose their job for whatever reason. Such shocks can plunge families into poverty and debt.

Save the Children's view

The Government must make the benefits system work for the most vulnerable children and their families. Such support is particularly crucial when they experience

sudden changes in their circumstances, for example during periods of work and family disruption.

Experiences of living in severe and persistent poverty

The report shows that the poorest families are unable to afford the necessities that most families take for granted. Children and families living in poverty are less likely to afford new clothes, replace worn out furniture, eat meat or fish every other day, and have friends or family for a meal or drink every other month.

No chance: saving for the future, Christmas or the next crisis

Being in poverty is generally associated with reduced savings. The poorest families find it very difficult to save more than £8 a month. Two-thirds of children in long-term poverty had parents who were unable to save anything in a year. This can mean that parents are forced into debt for simple things such as school trips and new clothes.

Harder to be happy, harder to do well

The poorest young people in the UK are the least likely to be happy at home and do not feel able to talk to their parents about problems. Children in long-term poverty are also less likely to have aspirations of doing well in school or plan to stay on in school after age 16. Children living in poverty are more likely to be excluded from school (through truancy, suspension or expulsion) than better off children. Good educational opportunities are critical to breaking the cycle of poverty in which poor children grow up to have poor children.

Save the Children's Call to Action

Save the Children is calling on the Government to urgently adopt a strategy to address the needs of the poorest children. This should include the following key elements:

- The Government must measure severe poverty. Only then can severe poverty be targeted with specific policies, and a specific indicator introduced to measure progress in tackling it.
- The Government must do more to assist young families to escape poverty by ensuring that they are able to take up work. This means providing more help with the costs of childcare for families with young children.
- The Government must tackle the needs of young people by introducing policy measures that will prevent them from falling into severe poverty.
- The Government needs to adjust its policies for larger families, for example, by providing an addition for larger families in the Child Tax Credit system or set Child Benefit at an equal rate to all children, whether first born or not.
- The Government must make the benefits system work for the most vulnerable children and their families when they experience sudden changes in their circumstances.
- As part of a long-term strategy to eradicate childhood poverty by 2020, Save the Children believes the Government should establish an independent minimum income commission by the end of 2010 with responsibility for recommending a minimum income standard, below which no family should fall.

The full report, *Britain's Poorest Children Revisited*, can be downloaded at <http://www.savethechildren.org.uk/britainspoorestchildren>

Copies can also be ordered by calling Jonathan Purchase on 020 7012 6872

ENDNOTES

¹ *Britain's Poorest Children* and *Britain's Poorest Children Revisited* were written by the Centre for Research Policy (CRSP) at Loughborough University. Both studies cover England, Scotland and Wales. *Britain's Poorest Children Revisited* is based on the most recent British Household Panel Study data 1994-2002.

² Day Care Trust 2005 Child Care Costs Summary.

³ Of the 15 countries included in the European Community Household Panel Survey, the UK had the highest proportion of young people aged 16-19 who have left the parental home. Severe poverty levels among 16-19 year olds in the UK were considerably higher than the other European countries (Aassve et al, 2005).