



# Living Below the Radar

## Severe child poverty in the UK

A total of 1.4 million children in the UK today are in severe poverty – more than one in every ten children.

Families living in severe poverty make ends meet on an average of £7,000 per year after housing costs (for a couple with one child). That equates to £19 per day to cover food, electricity and gas, phones, other bills, clothes, washing, transport and healthcare, not to mention furnishings, activities for children and all other essential items.

Save the Children is concerned that, as the government's target to halve child poverty by 2010 gets closer, the government does not only focus policies on those closest to the poverty line, but addresses the needs of those in the deepest poverty. Moreover, we will never eradicate child poverty once and for all, unless we begin to focus now on those in the severest poverty.

The findings of this research emphasise the need for Gordon Brown to show his commitment to ending child poverty in the UK. Two critical next steps are to:

1. introduce a measure of severe child poverty to ensure that those with the least are targeted by policies to combat child poverty
2. commit the £4 billion necessary to meet the 2010 target of halving child poverty by raising incomes of those with the lowest incomes to a more adequate level.

### Severe child poverty: new research

Save the Children believes that the government needs to focus its efforts on the poorest children in the UK, those in severe poverty. Seminal research – *Britain's Poorest Children 1* and *2* – highlighted the issue of severe poverty for the first time and indicated the lack of progress that had been made by this group.

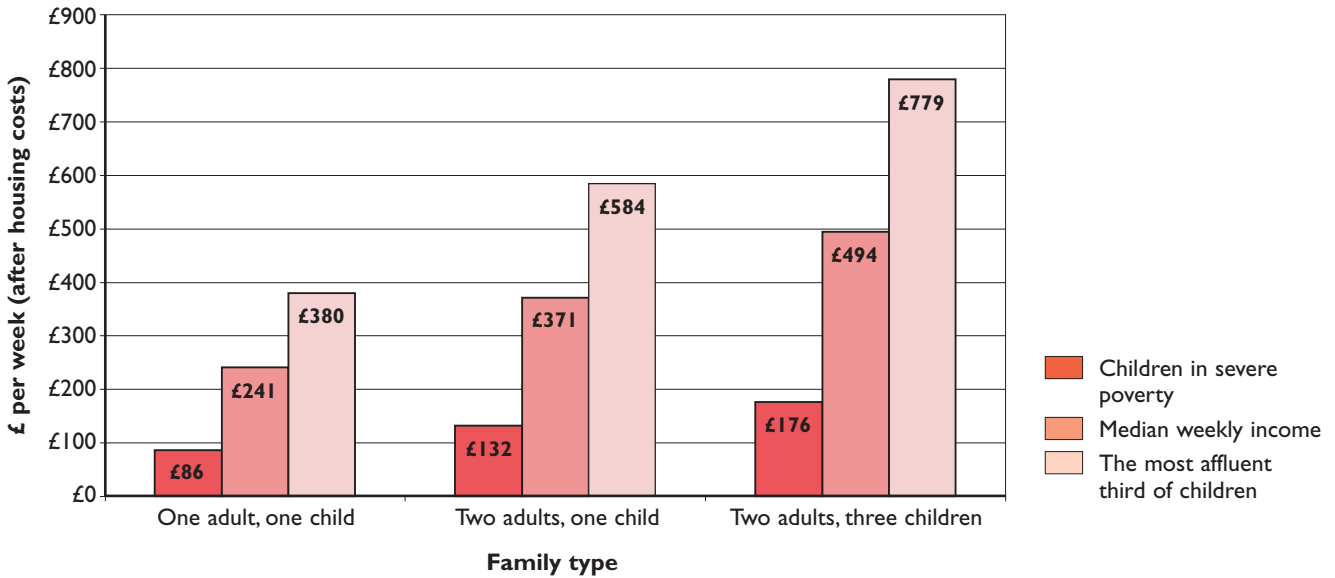
That research focused on household income. While income is an important indicator of poverty, a measure that combines indicators of a household's income and level of deprivation (lacking particular goods or access to services), provides a more robust measure of severe poverty. New research – *Severe Child Poverty in the UK* – has provided such a measure.

According to this new measure (see box overleaf), 1.4 million children in the UK are living in severe poverty. This means more than one out of every ten children both have an income well below the government's poverty line and lack basic necessities that are taken for granted by most people in the UK today. The incomes of families in severe poverty are a fraction of those of the more advantaged, as shown in Figure 1 overleaf.

Children in severe poverty are much less likely to have access to a range of essential goods than



Figure 1 Differences in weekly family incomes, after housing costs and by family type



Source: Family Resources Survey

### A new measure of severe poverty: combining income and deprivation

This research is based on a new measure for severe poverty, combining income and material deprivation data from the Family Resources Survey. The reason for this new measure comes from Save the Children's focus on those in the severest poverty and our belief that a measure that combines household income with deprivation provides a more robust indicator of household living standards than either measure on its own.

The chosen threshold for this measure of severe poverty is a household with an income of 50 per cent of the median, and where both adults and children lack at least one basic necessity, and either adults or children or both groups lack at least two basic necessities.

Save the Children argues for 40 per cent of median to be used as an indicator of severe poverty when looking at income data alone, alongside the widely accepted figure of 60 per cent for poverty more generally. The government, after consultation, is to use 70 per cent of median as the income threshold in their combined measure of poverty and deprivation. Fifty per cent of median is therefore a good indicator of severe poverty when looking at income and deprivation combined. For the deprivation threshold a simple additive approach has been used due to its simplicity and the fact that it can easily be replicated in subsequent years to monitor trends.

The detailed approach that was used to derive this measure can be found in the full report, *Severe Child Poverty in the UK*.



children not in poverty (see Figure 2). Among the families of children in severe poverty 74 per cent cannot replace any worn out furniture; 93 per cent cannot afford a holiday away from home once a year; and 84 per cent cannot make regular savings of £10 or more per month.

There are two key characteristics of severe poverty (Figure 2). The first is that poverty is on a spectrum. There is not a distinct 'poor population', but rather varying degrees of poverty. Taking different thresholds of poverty and using distinct measurements shows clearly that those with lower incomes experience a range of added disadvantage. Second, those in severe poverty are very disadvantaged: three in four families are unable to replace worn out furniture and 80 per cent of children in severe poverty are in families that say they cannot afford to save £10 per month on a regular basis, a strong indicator of an ongoing struggle to make ends meet.

There are vast differences between the situations of children in severe poverty and those not in poverty (see Figure 3 overleaf). Among children in severe poverty, 41 per cent do not have enough bedrooms

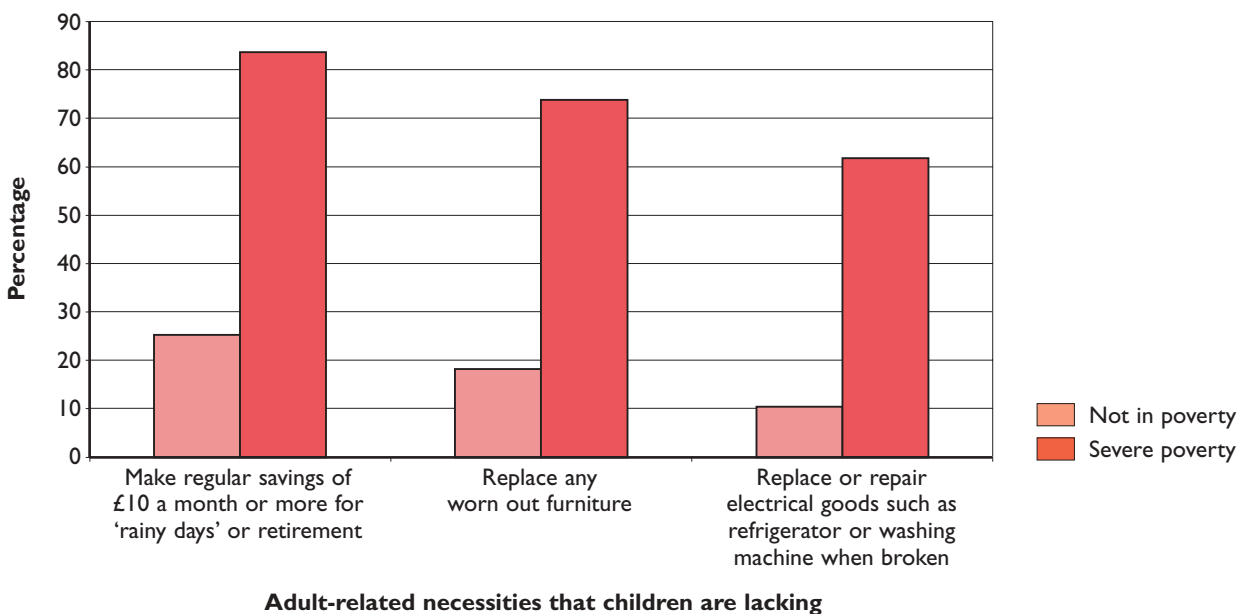
for each child of ten or over of a different sex to have their own bedroom; 22 per cent cannot afford to go on school trips; and 25 per cent cannot afford to go to a toddler group, nursery or playgroup at least once a week. Figure 3 also highlights what has been shown by previous research – that children's deprivation appears to be less than their parents. Research has repeatedly shown that parents take significant steps and undergo personal sacrifices to protect their children as much as possible from the material impacts of poverty.

## The characteristics of those in severe poverty

The analysis of characteristics of children in severe poverty mirrors our understanding of the causes and spread of poverty. There is relatively high likelihood of severe poverty among:

- children living in London, Wales and Northern Ireland
- those with parents out of work
- children whose parents have low educational attainment
- those living in rented accommodation

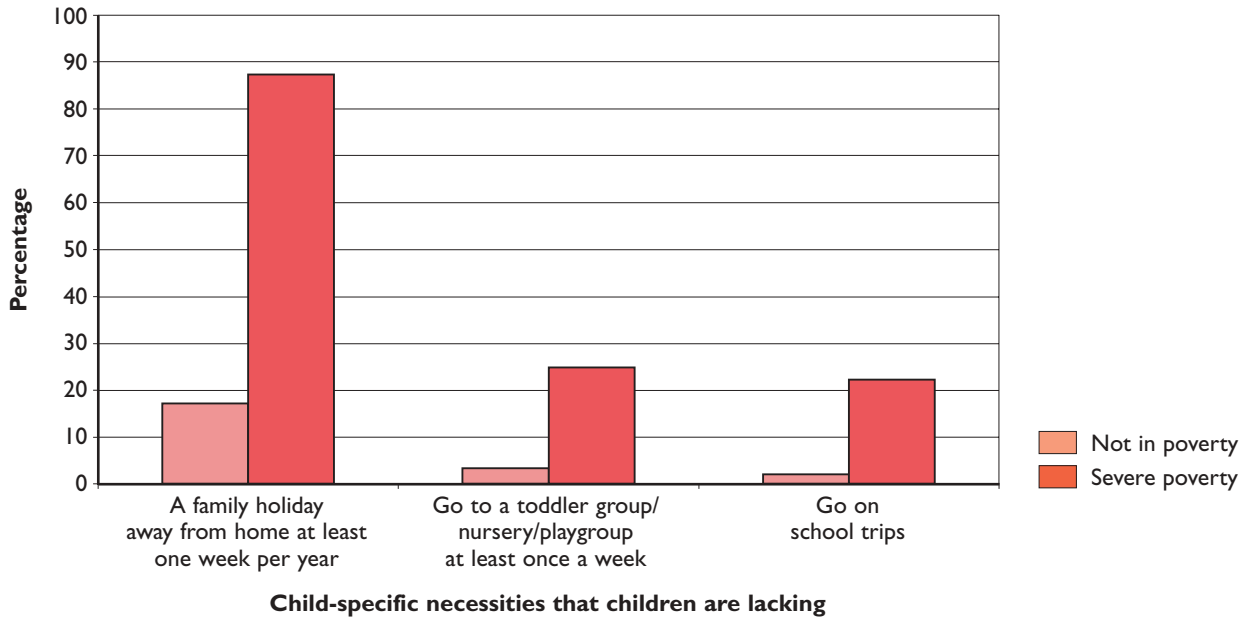
**Figure 2 Lacking basic necessities: the families of children in severe poverty and those not in poverty**



Source: Family Resources Survey



**Figure 3 Lacking basic necessities: children in severe poverty and those not in poverty**



Source: Family Resources Survey

- children whose parents have no savings/assets
- children in large families of four or more children
- children from ethnic minority groups, especially of Asian origin
- children in families with disabled adult(s).

Some of these are considered in more detail below.

### Outside the labour market

Sixty-two per cent of those in severe poverty are in workless households. The out-of-work benefits that most families receive are very low, leaving them well below the poverty line. Deprivation indicates persistence of poverty. Any household relying on out-of-work benefits over a sustained period struggles to make ends meet, let alone pay for expensive lumpy costs. The persistence of being out of work, or caught in the 'low pay, no pay cycle', shows that the government's mantra of 'work for those who can, support for those who cannot' has yet to be fulfilled. For those with significant caring responsibilities, disabilities or a mismatch between their skills and the availability of appropriate work, there remains too little support to help enter and

stay in regular employment, and too little financial support to sustain those outside the labour market

### Benefit and tax credit claimants

Children in families in severe poverty are more likely to be in households where benefits and tax credits are being claimed. However, more detailed analysis reveals some concerning issues. First, 57 per cent of children in severe poverty are in families claiming income support, jobseeker's allowance and incapacity benefit. That suggests a significant proportion not claiming these benefits, and therefore subsisting on very low wages, likely to be unsupported by the tax credit system. This conclusion is supported by the figure of just 42 per cent of children in severe poverty receiving the child tax credit, far lower than it ought to be if all were taking up their entitlements.

### Education is a key driver

It is no surprise that education is a key driver of the likelihood of experiencing severe poverty. Among the mothers of those children in severe poverty, 44 per cent have no qualifications, compared to 10 per cent of those not in poverty.



## **A strong ethnic dimension**

Severe child poverty carries a strong ethnic dimension. While 74 per cent of children in severe poverty are from white backgrounds, the probability of being in severe poverty is much higher for children from minority backgrounds. Among those of Asian or Asian British, Black or Black British, Chinese or other, nearly one quarter of children are in severe poverty.

## **Conclusion and recommendations**

If, as Gordon Brown said in 1998, “child poverty is a scar on the nation’s soul”, then the severest poverty must be a priority for action. The government has set the goal of halving child poverty by 2010. It is a goal that requires significant political commitment if it is to be met, but surely there is no more important goal for our country in the short term than this. However, there is a more important long-term goal: to eradicate child poverty once and for all. It is possible and it is achievable, but it will not happen unless we focus now on those in the greatest need.

This government has championed the notion that the first step to changing something is to measure it. Measurement provides a clear focus, an understanding of the problem at hand, and a tool for accountability. Given how many things the government does measure, the lack of a measure of severe poverty is glaring.

Save the Children demands that the government starts measuring severe poverty. They now have a robust method that uses their data. However, this

is just one important step. Measurement must lead to action. We call for the government to invest the £4 billion necessary to meet the target of halving child poverty, raising the incomes of those with least closer to levels that would be considered adequate.

Addressing some of the issues directly raised by the findings of this research, we call on government to do more to:

- ensure that people going into work are supported with appropriate and affordable childcare, flexibility in the workplace, decent take-home pay and continued access to training, rather than focusing on increased conditionality and the threat of sanctions
- take significant steps alongside local authorities to ensure that all who are entitled to benefits and tax credits take them up
- help those on low incomes cover lumpy costs and expensive times of year by
  - a) introducing seasonal grants at winter and summer, something greatly supported by low-income families
  - b) reforming the social fund with more resources and greater flexibility
- narrow the attainment gap in education to ensure that those children in poverty today are not in poverty in adulthood. A revolution in our education system will be the only sustainable way to end child poverty by 2020, but it will require those delivering education from the Department for Education and Skills, devolved bodies and local authorities to be much bolder and redistributive in focusing resources on those currently leaving our education system with few or no qualifications and skills.

**The full report, *Severe Child Poverty in the UK*, can be downloaded at [www.savethechildren.org.uk](http://www.savethechildren.org.uk)**



**Save the Children**  
UK

**Save the Children is a member of  
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