The story since 2010

Alison Garnham

Chief Executive, Child Poverty Action Group
Child Poverty Action Group

Who are we?

• Founded 1965
• Founder members credited with rediscovery of poverty in 1960s
• Campaigning to prevent and end child poverty
• Hosts the End Child Poverty Campaign
• Experts’ expert in social security law
• Instigated the UK welfare rights movement
• Won Child Benefit
• Significant strategic litigation history
• Social enterprise
• £3m turnover and 50 staff – offices in London and Glasgow
• New history book
What has happened to child poverty?
Some evidence
Child poverty - historical trend since 1970
Child poverty is policy responsive

• Largest reductions in child poverty in OECD between mid-1990s and 2008 (Bradshaw 2012)
• Child wellbeing improved on 36 out of 48 indicators between 1997 – 2010 (Bradshaw, 2012)
• Deprivation levels fell as did money worries (FACS)
• Extra money led to increased spending on fruit and vegetables, children’s clothes and books – spending on alcohol and cigarettes fell (Stewart, 2012)
Compared with the EU
Figure 1. Child poverty rates before and after taxes and benefits (2012)

Notes: Countries are ordered according to child poverty rates before taxes and benefits are taken into account. A key to all the country abbreviations is provided in the Appendix (Table A.1). EU refers to the EU27 average.

Source: EUROMOD version G1.4.
Would have hit target in early 2020s

- Actual child poverty rate (BHC)
- Projected child poverty rate (BHC) under current government policies
- Hypothetical percentage of children living in poverty (BHC) if progress observed between 98/99 and 10/11 were sustained
## Targets, progress and projections UK


<table>
<thead>
<tr>
<th></th>
<th>Before housing costs</th>
<th>After housing costs</th>
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<tbody>
<tr>
<td>Baseline year 98/99</td>
<td>3.4 million (26%)</td>
<td>4.4 million (34%)</td>
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<tr>
<td>10-year actual 2010/11</td>
<td>2.3 million (18%)</td>
<td>3.6 million (27%)</td>
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<tr>
<td>IFS estimate 20/21</td>
<td>3.6 million (25.7%)</td>
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<tr>
<td>Gov’t target 20/21</td>
<td>1.3 million (10%)</td>
<td>n/a</td>
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<tr>
<td></td>
<td>(Based on 10/11 population)</td>
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Rising proportion of poor children live with working parents

<table>
<thead>
<tr>
<th>In-work poverty (2014/15) - below 60% median (AHC)</th>
<th>1997/98</th>
<th>2014/15</th>
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<tbody>
<tr>
<td>% poor children in working households</td>
<td>49</td>
<td>66</td>
</tr>
<tr>
<td>% poor children in workless households</td>
<td>51</td>
<td>34</td>
</tr>
<tr>
<td>No. poor children in working households (million)</td>
<td>2.0</td>
<td>2.6</td>
</tr>
<tr>
<td>No. poor children in workless households (million)</td>
<td>2.2</td>
<td>1.3</td>
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Government claim - whoops!

The number of children in poverty has increased since the Prime Minister took office. In 2000, there were 300,000 fewer children in poverty. This number has increased as the Prime Minister's tenure continues.
Ending child poverty by 2020?

Reasons why not:

- Rising cost of a child – housing and childcare
- Low wages, slow to rise
- Benefit and tax credit cuts - £21bn per year, plus £12bn more
- Pensioners protected
- 70% hit families with children
- 60% hit working people
Where the cuts fell
House of Commons Library

Figure 5: Expected annual savings from working age welfare reforms (£ billion a year)

[Source: HM Treasury Budget Red Books and Autumn Statements; 2010 Spending Review]
More devastating cuts this year

- Child benefit, tax credits and universal credit frozen for 4 years
- April 2017 – two-child limit on tax credits or universal credit – no exception disabled children or children who have lost a parent
- Benefits reduced to £20,000 a year (£23,000 in London) under benefit cap (even if no work because of disability or the need to care for young children)
- Over 60% contain a child under 5
- Children of single parents, larger families (more than two) and disabled children will be hardest hit
- Support for housing costs cut dramatically, while rents soar
We’re facing a child poverty crisis

• IFS latest projections:
  • relative child poverty will rise 1.2m between 2015-2020
  • Absolute poverty will rise by 600k
• Resolution Foundation:
  • July 2015 budget increased child poverty by 300-600,000
  • 1.5m more children in poverty by 2020
• Lone-parent poverty rising steeply by 18.4 percentage points (compared to 4.3 percentage points for couples) - IFS
• Most of the increase in absolute poverty will be among large families (3 or more children) – IFS
• 3.9m children = 9 in every classroom of 30 kids

Government response?
Moving the goal posts
Did those with the broadest shoulders bear the greatest burden? Are we all in it together?

The results are in:
Chart 2.D: Cumulative impact of modelled tax, tax credit and benefit changes on households in 2014-15 as a percentage of 2014-15 net income, by income distribution

Source: HM Treasury tax and benefit microsimulation model
Figure 9: Percentage changes in household disposable income due to direct tax and tax transfer policies (May 2010 to 2014/15)

Source: (De Agostini, Hills, and Sutherland 2014)
Necessity or choice?

- LSE. Manchester & York universities published this major analysis [http://sticerd.lse.ac.uk/dps/case/spcc/rr04.pdf](http://sticerd.lse.ac.uk/dps/case/spcc/rr04.pdf)
- Fig 9 – the whole of the poorest half of the income distribution is worse off and the richest half is better off
- Cuts for low income groups in effect, funded tax cuts for richer groups
- Reflects cost of raising the personal tax allowance (£12bn)
Impact of tax and benefit reforms between April 2015 and April 2019 (including universal credit)

Change in annual net income

- £200
- £0
- £200
- £400
- £600
- £800
- £1,000
- £1,200
- £1,400
- £1,600

Poorest 2 3 4 5 6 7 8 9 Richest All

Income Decile Group

- Budget measures, £ per year (left axis)
- Pre-announced, £ per year (left axis)
- Total, £ per year (left axis)
- Total as a % of net income (right axis)

Assumes full take-up of means-tested benefits and tax credits.
We’re all in it together?
Why does income matter?

- Family income makes a significant difference to children’s outcomes: poorer children have worse:
  - Cognitive
  - social-behavioural and
  - health outcomes
- This relationship is independent of other factors that have been found to be correlated with child poverty (e.g. household and parental characteristics)
- Income has a causal relationship with poor child outcomes
- Most likely mediated by parental stress and anxiety

Stealing away children’s life chances

- **Education divide** – poorer children 9 months behind (Hirsch D, 2007)
- **Health divide** – socio-economic conditions mean greater risk of heart disease, death by stroke, disability, poor mental health (Spencer N, 2008)
- **Wellbeing divide** – neg. impact relationship with parents, educational orientation, self-worth and risky behaviour (Tomlinson and Walker, 2009)
- **Costs £29 billion a year** in public spending (CPAG/Hirsch, D, 2013 building on JRF, 2008) – if poverty rises will be £35bn
The cost of child poverty

**THE COST OF CHILD POVERTY**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Spending on services</td>
<td>£1.5 billion</td>
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<td>Tax receipts lost to government</td>
<td>£3.5 billion</td>
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<tr>
<td>Benefits spent on those out of work</td>
<td>£2.4 billion</td>
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<tr>
<td>Loss in private post-tax earnings</td>
<td>£8.5 billion</td>
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**TOTAL: £29 BILLION**

Some other consequences:
The food bank response - as featured in ‘I, Daniel Blake’

• Trussell Trust foodbank parcels:
  • 2011/12 – 128,697
  • 2012/13 – 346,992
  • 2013/14 – 913,138
  • 2014/15 – over 1 million

• 50-55% due to benefit problems
• Last resort after an acute income crisis

(Perry J, Williams M, Sefton T, Haddad M (2014) Emergency Use Only: Understanding and reducing the use of food banks in the UK)
Multiple drivers

One or more of:

• Sanctions, waiting for benefits, ESA stopped (50-55%)
• Plus bedroom tax/benefit cap (59-63%)
• Plus benefit change or delay (67-78%)

(Perry J, Williams M, Sefton T, Haddad M (2014) Emergency Use Only: Understanding and reducing the use of food banks in the UK)
Conclusions

• We know child poverty is policy responsive
• Failure to act is hugely expensive
• If Governments do the right thing – it comes down
• If they do the wrong thing...
• It seems children today are being sacrificed
• Children and childhood are an end in themselves, not a means to an end
Reframing the debate – our polling
"Any family can fall on hard times and need extra support from the social security system for a while. The government should make sure all families have enough to give their children a decent quality of life, even in difficult times."
(A=58%, B=90%)

"Hardship isn’t inevitable. It is caused by low wages, expensive housing and childcare and a lack of available jobs. These issues need to be tackled if we want fewer children growing up in hardship."
(A=56%, B=86%)
POLLING CONCLUSIONS

- Talk about broader impact of child poverty as well as cost to individual children
- Talk about causes and solutions
- Relate social security to audiences’ lives
**FRAMES**

<table>
<thead>
<tr>
<th>Category</th>
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<tbody>
<tr>
<td>Investment</td>
<td>Supporting our children is the best investment we as a country can make. If the Government makes sure every child has the opportunity to enjoy their childhoods and do well in life then we all share the rewards of having a stronger economy and a healthier, fairer society.</td>
</tr>
<tr>
<td>Imagine if</td>
<td>Any family can fall on hard times, for example after a bereavement, breakup, redundancy or illness, and need extra support from the social security system for a while. They still want the best for their children. The government should make sure all families have enough to give their children a decent quality of life, even in difficult times.</td>
</tr>
<tr>
<td>Causes and solutions</td>
<td>Poverty isn’t inevitable. It is caused by low wages, inadequate benefits, expensive housing and childcare and a lack of decently paid jobs. These issues can and should to be tackled if we want fewer children growing up in hardship.</td>
</tr>
</tbody>
</table>
OUR TONE

Based on our values: expert, independent, ambitious.

We are serious, informed and passionate. What we say demonstrates that we care deeply about the lives of children growing up in poverty, and their families.

We do not shy away from making bold statements, but our tone is not strident, gloomy or partisan – we are informed advocates whose conclusions are based on firm evidence. We also strive for a positive tone, celebrating achievements and the possibility of progress, as well as regretting setbacks in mature and serious terms.
WHAT NEXT?

• Rolling out message use in organisation

• Pursue longer-term project on reframing poverty through work, in partnership with Working Families

• Build on campaigns success of All Kids Count (retained publication of CPA measures) and pursue coalition campaigning through End Child Poverty
Issues Facing Britain: Poverty/inequality

What do you see as the most/other important issues facing Britain today?

- Sept 1999: Alastair Darling – “one child in three” living in poverty
- January 2005: Make Poverty History campaign launched on New Year’s Day
- July 2014: highest score recorded (18%)

Cameron becomes PM

Base: representative sample of c.1,000 British adults age 18+ each month, interviewed face-to-face in home
Source: Ipsos MORI Issues Index
The end - questions?