Child poverty and child well-being

Jonathan Bradshaw, Social Policy Research Unit, University of York
jonathan.bradshaw@york.ac.uk

Introduction – Children have been the victims of austerity

Children had been the focus of considerable investment by the Labour Government after 1999 in improved cash benefits and tax credits and in spending on child care, education and health. There was also an institutional transformation in favour of children culminating in the Child Poverty Act 2010. As a result child poverty fell and, on most indicators, child well-being improved (Bradshaw, 2011). Even after the start of the recession in 2008 the relative and absolute child poverty rate continued to fall thanks to the Brown government maintaining the value of transfers.

But after the Coalition came to power in 2010 the picture changed. The deficit reduction strategy they adopted tried to achieve the bulk of saving in cuts in expenditure rather than tax increases. The cuts included the freezing of child benefit, cuts in the real value of working age benefits and tax credits, limits to housing benefits in the private sector and the bedroom tax in the public sector, and the localisation of council tax benefits and the Social Fund. Useful benefits such as Educational Maintenance Allowances and the Health in Pregnancy Grant were abolished. Unemployment rose, real earnings fell for six successive years. The prices of essentials – food, fuel and private rents increased more rapidly than general inflation. The Child Poverty Action Group (2014) recently estimated that the failure to uprate child benefit by inflation since 2010/11 has meant it has lost over 15% of its value over this parliament compared to its worth had it been uprated using RPI. In practical terms, this means a family with one child has lost £543 of support over the five years, and a two-child family has sustained losses of £900. The failure to uprate the child element of tax credits over the course of this parliament has resulted in reducing the real value by 8.5%. As a result, a family with one child will have lost £628 in the last five years, and a two-child family double this (£1,256).

Out of work benefit income as a proportion of the Minimum Income Standard has fallen to 57% (Davis et al., 2014). So low has JSA become (currently £72.40) that it appears that an increasing proportions of the population have just stopped bothering to claim. Thus there has been a growing gap between the unemployment rate and the claiming rate – only about 47.5% of those registered unemployed are now claiming JSA (ONS, 2014). Some of these non-claimers will be ineligible for income tested JSA. Others will have been caught by the recent extension of waiting days before claims can be made. Others will have been caught by the increasingly harsh sanctions regime associated with the Work Programme. There is evidence that some unemployed people have drifted into part-time self-employed work supported by working tax credit in order to avoid oppressive sanctions.

The coalition had promised fairness in its deficit reduction strategy. But we now know that it was particularly unfair to low income families with children. The Equality and Human Rights Commission (Reed and Portes, 2014) shows that lone parents and couples with children have had the largest reductions in income. In contrast pensioners have been protected by the triple lock. Also the biggest cuts per capita in grants to local government have been in the areas with the highest child poverty rates (Beatty and Fothergill, 2013). Universal Credit, the big reform of social security, that might have mitigated some of this increase in poverty, if it had been implemented in 2013 as planned, is still mired in delay and has anyway been undermined by cuts. It may still never emerge.

The consequences of this are that although the relative child poverty rate has not increased yet (because the 60% median income threshold has fallen) the 'absolute' child poverty rate has increased both before and after housing costs. More than two-thirds of children in poverty have a working parent. A report by the Social Mobility and Child Poverty Commission (2014) concluded that the Child Poverty Act targets cannot be met, that it will be at least 2018 before falling average earnings are back to pre-recession level, and that by 2021 there will be 900,000 extra children in relative poverty. The Commission said that the next Government:

'... will have to adopt radical new approaches ... if Britain is to avoid becoming a permanently divided society. Even a world beating performance on employment levels, hours and wages would not enable the child poverty targets to be hit given current public spending plans and the current design of the tax benefit system .... We have come to the reluctant conclusion that without radical changes to the tax and benefit system to boost the incomes of poor families, there is no realistic hope of the statutory child poverty targets being met in 2020. None of the main political parties have been willing to embrace such a change, nor to speak this uncomfortable truth. They are all guilty in our view of being less than frank with the public. They all seem content to will the ends without identifying the means. It is vital that the next government comes clean.'

Child well-being

The impact of all this on child well-being will take time to emerge. However there is already evidence that child homelessness has increased sharply after a long period of decline, at a time when house building is at the lowest level since records began. The youth suicide rates are up, also after a period of decline. There is some evidence that the subjective well-being of children has stopped improving (The Children's Society, 2014). The number of nutritionally related admissions to hospital has risen. With so many health outcomes related to poverty we can expect deteriorating health indicators.

Conclusion

All this is such a waste, so short sighted – so costly. Hirsch (2013) has estimated that the costs of child poverty are over £35 billion in today's terms, equivalent to about 3% of GDP.

More is to come. We are less than halfway through reducing the deficit. Both Conservative and Labour have identified working age benefits for further cuts. Meanwhile the Trussell Trust, the largest food bank organiser, says that 913,000 people got at least 3 days' emergency food last year – an increase of 163% on the previous year (Stevenson, 2014) – the best possible evidence of the collapse of the safety net.

References

Beatty, C. and Fothergill, S. (2013) *Hitting the poorest places hardest: the local and regional impact of welfare reform,* Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University. Retrieved from: http://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/hitting-poorest-places-hardest_0.pdf.

Bradshaw, J. (ed) (2011) *The well-being of children in the United Kingdom*, Third Edition, Bristol: Policy Press.

Child Poverty Action Group (2014) *Policy note 2: uprating and the value of children's benefits*, December 20 http://www.cpag.org.uk/sites/default/files/CPAG-Uprating-childrens-benefits-policy-note-Dec-14.pdf.

Davis, A., Hirsch, D., and Padley, M. (2014) *A minimum income standard for the UK 2014* http://www.jrf.org.uk/sites/files/jrf/Minimum-income-standards-2014-FULL.pdf.

Hirsch, D. (2013) *An estimate of the cost of child poverty in 2013* http://www.cpag.org.uk/sites/default/files/Cost%20of%20child%20poverty%20research%20update%20(2013).pdf.

ONS (2014) *The UK Labour Market Statistical Bulletin* November http://www.ons.gov.uk/ons/dcp171778_381416.pdf.

Reed, H. and Portes, J. (2014) *Cumulative Impact Assessment. A research report by Landman Economics and the National Institute of Economic and Social Research for the Equality and Human Rights Commission*. Research report 94, http://www.equalityhumanrights.com/sites/default/files/publication_pdf/Cumulative%20Impact%20Assessment%20full%20report%2030-07-14.pdf.

Social Mobility and Child Poverty Commission (2014) *The State of the Nation 2014*, 20 October 2014 https://www.gov.uk/government/publications/state-of-the-nation-2014-report.

Stevenson, A. (2014) *UK Household Food Security: A Review of Existing Research*. CHASM Briefing Paper: http://www.birmingham.ac.uk/research/activity/social-policy/chasm/publications/briefing-papers.aspx [Accessed 5th January 2015]

The Children's Society (2014) *The Good Childhood Report 2014*, London: The Children's Society, http://www.childrenssociety.org.uk/what-we-do/research/well-being-1/good-childhood-report-2014.