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Save the Children

Measuring severe child poverty in Scotland

Policy briefing

SUMMARY

Save the Children is outraged that children and families are living in severe poverty in Scotland. Our latest report, *Severe child poverty in the UK*, commissioned from the New Policy Institute, reveals that 90,000 children across Scotland live in severe poverty - 9% of all Scottish children.

The report highlights that progress on reducing the number of children living in severe poverty in Scotland has stalled. The number of children living in severe poverty has remained constant at between 8% and 9% from 2004/05-2007/08. This standstill has occurred against a backdrop of a freeze in progress in reducing child poverty overall.

The analysis also illustrates the risk factors for severe child poverty in Scotland. There remains a relatively high likelihood of severe poverty amongst children in workless households and children in single parent households.

Living in severe poverty means living on less than £12220 a year (for a couple with one child). This leaves families around £113 a week short of what they need to cover food, electricity and gas, phones, other bills, clothes, washing, transport and healthcare, not to mention furnishings, activities for children and other essential items. ¹ Children and parents are missing out on everyday essentials such as food and clothing and cannot afford things that most families take for granted such as celebrating a birthday or having a short family holiday.

This analysis reinforces a clear message – severe child poverty is a significant concern and further action is needed to tackle it. As we approach the deadline for the interim goal of halving child poverty by 2010, we have come to a standstill in eradicating severe child poverty levels in Scotland. Current government policy is clearly not reaching and supporting this group of children that needs help the most. Further, the goal of eradicating child poverty once and for all will not be achieved unless attention is urgently turned to meeting the needs of the poorest children and their families.

Every child deserves a fair chance in life, all are born equal and none should be left behind. It is not fair that any child grows up in severe poverty. To tackle severe child poverty, Save the Children is calling on Scottish Government, Local Authorities and Community Planning Partnerships in Scotland and UK Government to take action in the following areas:

1. Remove barriers to parental employment.
2. Make sure the poorest don't pay the price for the economic crisis.
3. Make the tax and benefit system work for the poorest families.
4. Support families to reduce their expenditure.
5. Break the link between poverty and educational achievement.

Introduction

Save the Children is outraged about children and families living in severe poverty in Scotland. We believe that government policy must address the needs of those children and families in the deepest poverty, alongside those closest to the poverty line, if the aim of eradicating child poverty once and for all is to be met.

Measuring severe child poverty in the UK is the latest report in a series commissioned by Save the Children on this issue.² Using the most up to date statistics, the report, completed by the New Policy Institute, sets out the overall picture of severe child poverty in Scotland and across the UK. The analysis examined trend data on the levels of severe child poverty over a four year period at UK and Devolved level. In addition, data from a three year period from 2005/06 to 2007/08 was used to provide three year rolling averages (so that the sample size is sufficient to analyse severe poverty in detail), to analyse the characteristics and risk factors of children living in severe poverty.

The report highlights that progress on reducing the number of children living in severe poverty in Scotland is not being made and thus severe child poverty remains a major concern. This briefing outlines the key findings of the report, as they relate to Scotland, and sets out why government in Scotland, alongside the UK Government, needs to focus its efforts on the poorest children in Scotland.

What is severe child poverty?

The negative effects that growing up in poverty can have on children are well documented. But, not all children living in poverty have the same experience. For some, it is more severe. Severe poverty describes a deeper, more intense poverty.

There is no official measure of severe child poverty. Save the Children believes that there is a need to measure the depth of poverty that children and families experience. Measuring the severity or depth of poverty is a critical component in understanding the intensity of poverty that some children and families experience. Therefore, Save the Children promotes measuring severe child poverty using a combined income and material deprivation measure. We believe the combined measure gives a richer picture of severe child poverty. The data is taken from the Family Resources Survey, published by the Department for Work and Pensions.

According to our definition, children are in 'severe' poverty if they live in:

A household with an income of below 50 per cent of the median (after housing costs), 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.³

This means that families living in severe poverty make ends meet on less than £12220 a year (for a couple with one child). That equates to less than £33 per day to

cover all basic essentials such as food, utility bills and clothing. In addition, children and parents are missing out on the things that many families take for granted such as celebrating a birthday or taking one week's holiday away from home.⁴

Key findings

Severe child poverty in Scotland

The report reveals that 90,000 children across Scotland were living in severe poverty in 2007/08. That means that around a third of all children living in poverty were living in severe poverty.⁵ In addition, and of concern, is that severe child poverty in Scotland has remained constant at between 8% and 9% from 2004/05 to 2007/08.

Characteristics/ risk factors

The key risk factors for severe child poverty are the same as those risk factors associated with child poverty more generally. The difference is that the risk factors related with child poverty are heightened for those in severe poverty. We highlighted the key risk factors in our 2007 report. The latest analysis illustrates that the key risk factors for living in severe child poverty in Scotland remain the same. There remains a relatively high likelihood of severe poverty amongst:

- children in workless households
- children in single parent households
- those whose mothers (or fathers in case of single parents) have low educational attainment
- those living in socially rented accommodation
- children in families with disabled adult(s)
- children in large families of four or more children
- children whose parents have no savings/ assets

i) Weak connections to the labour market

The risk of severe poverty is highest for children in families where the adults are not working. Around half of children in families where the adults were unemployed and over a third of those in families where the adults were otherwise workless (i.e. claiming Incapacity Benefit or Income Support) were in severe poverty in Scotland.

In fact, *children in workless households are more likely to be in severe poverty than non severe poverty.* More than two thirds of all children in severe poverty were in families where no adults work. Half of all children in families claiming Jobseeker's Allowance were in severe poverty. Therefore, whilst the majority of children in non severe poverty live in working households, the majority of those in severe poverty live in workless households.

The findings illustrate that the stronger the connection to the labour market, the lesser the risk of severe child poverty. In full working families the proportion of children in severe poverty is almost zero, whereas in unemployed households, half of

children are in severe poverty. It should be noted that whilst the risk of living in severe poverty is low for children whose parents work part time (either one adult works and one does not, or the adults only work part time), there is still a risk. In total, over a quarter of children living in severe poverty in Scotland live in households whose parents work part time.

These findings have important policy implications. As the majority of children in severe poverty live in workless households, priority needs to be given to removing barriers to employment for parents living in poverty. Where parents can work, having a parent in work is a key route out of poverty. Parents can face a number of barriers to entering and remaining in work. For example, managing the transition to work, managing the 'low pay, no pay cycle', balancing caring responsibilities with work (a particular issue for single parents), and addressing the mismatch between their skills and the availability of appropriate work.

In addition, the out of work benefits that most families receive while unemployed are very low, leaving families living well below the poverty line. Any household relying on out of work benefits over a sustained period struggles to make ends meet. *Over four fifths of children living in severe poverty in Scotland receive benefits (out of work benefits, Disability Living Allowance or Tax Credits).*

ii) Educational inequalities

Children in Scotland whose mother (or father for children living in single parent families) has no qualifications are more than twice as likely to live in severe poverty than those children whose mother has a qualification. The links between poor educational attainment and child poverty are well documented. Therefore it is no surprise that education is a key driver of the likelihood of experiencing severe poverty. In total, over one third of children living in severe poverty in Scotland have parents who have no qualifications.

iii) Single parents

Single parent families are significantly more at risk of living in poverty than couple families. *Children in single parent households in Scotland are around three times as likely to live in severe poverty as children in couple households.* Single parents often encounter particular barriers to both gaining and retaining employment. In total, over half of children in severe poverty in Scotland live in single parent households.

iv) Disability

Factors associated with disability, such as the extra costs associated with managing a particular disability or illness, higher costs of living and costs of caring, may cause or exacerbate the poverty experienced by individuals and families. *Children in households with a disabled adult in Scotland were almost twice as likely to be in severe poverty as those in a household with no disabled adult.*

In total, over a third of children in severe poverty in Scotland live in households with a disabled adult. The disability of the adults in the household has a greater effect on the risk of severe poverty than the disability of the child. Having a disabled child in the family is more of a risk for living in non severe child poverty than severe child poverty.

v) Housing

There is a strong association between housing tenure and the risk of severe child poverty. *Children in rented accommodation in Scotland – both social rented and private rented – are around four times more likely to be in severe poverty than children in owner occupied households.* In total, over half of children living in severe poverty live in socially rented accommodation.

vi) Other risk factors

The report highlights a number of other risk factors for living in severe child poverty:

- *Children in Scotland whose parents have no savings/ assets are twice as likely to live in severe poverty as children in households with savings.* In total, almost three quarters of children in severe poverty lived in families with no savings at all.
- *Children in Scotland who live in large families (of four or more children) are slightly more likely to live in severe poverty, compared with families with three or less children.*

Severe child poverty across the UK

Across the UK, there has been an increase in the number of children living in severe child poverty. 1.7 million children were living in severe poverty in 2007/08. This is an increase from 11% of all UK children in 2004/05 to 13% in 2007/08. This increase has occurred against a backdrop of rising child poverty overall.

The proportion of children in severe poverty across the four countries of the UK in 2007/08 was 13% (1.5 million) of children in England, 15% (96,000) of children in Wales, 10% (43 000) children in Northern Ireland and 9% (90,000) children in Scotland. The year on year trend shows that severe poverty has increased in England and Wales since 2004/05. There has been no change in the number of children living in severe poverty in Northern Ireland and Scotland. Although the rate of severe child poverty is lower in Scotland, there is no room for complacency. There has been no progress in reducing in the number of children in severe poverty since 2004/05.

Severe child poverty in the UK today

The recession has had a devastating effect on children in poverty (across the UK around 130,000 more children are in workless households and the number of households where all children are working has come down by around 250,000). The New Policy Institute has indicated that the recession will have pushed a further

100,000 children into severe poverty in the UK but that changes in child benefit and tax credits during this period are likely to have cancelled out the impact of the recession on severe poverty numbers. It is therefore expected that severe child poverty in the UK in 2009/10 will indicate similar levels to the 2007/8 figures.

The economy is expected to return to growth in this financial quarter however unemployment isn't expected to peak until later in 2010 or perhaps in 2011.⁶ Because the risk of living in severe poverty is heightened amongst those children living in workless households we are concerned that, as unemployment rises further, so will severe child poverty.

Conclusions and recommendations

This analysis reinforces a clear message – severe child poverty remains a significant concern and further action is needed to tackle it. Due to the deeper, more intense nature of severe poverty, it is likely that it will be more costly per child to eradicate child poverty by 2020 if the extent of severe child poverty remains at these levels.

The report also points to the need to ensure that measures to tackle severe child poverty are targeted at those families most 'at risk'. This is needed to ensure policy and resources to tackle child poverty are made with the most vulnerable in mind.

Save the Children welcomes the Scottish Government's commitment to eradicating child poverty by 2020 and the commitments set out in the Child Poverty Bill. However, we are concerned that this goal will not be achieved unless attention is urgently turned to meeting the needs of the poorest children and their families. 2010 marks the half way point on the road to ending child poverty. As we approach the interim goal of halving child poverty, no progress is being made on reducing the number of children in severe child poverty in Scotland.

Every child deserves a fair chance in life, all are born equal and none should be left behind. It is not fair that any child lives in severe poverty. Tackling severe child poverty requires action in a number of policy areas to support those experiencing severe poverty and to prevent children and families living in severe poverty. Severe child poverty is not explicit within current policy discourse; however it is implicit, for example with the emphasis on worklessness and supporting people into work. Further emphasis needs to be put on supporting those experiencing the most severe poverty.

We believe that the Scottish and UK Government's child poverty strategies, to be developed as a result of the forthcoming Child Poverty Bill, should focus on severe child poverty and those groups particularly at risk of being in severe child poverty. Alongside this, Local Authorities and Community Planning Partnerships in Scotland need to ensure that local strategies and services aimed at supporting families living in poverty and/or preventing child poverty,

prioritise the needs of those living in the most severe poverty. Save the Children demands that immediate action is taken in a number of policy areas.

Recommendations

To tackle severe child poverty, Save the Children is calling on Scottish Government, Local Authorities and Community Planning Partnerships in Scotland to take action in the following areas:

1) Remove barriers to parental employment by:

As the majority of children in severe poverty live in workless households, priority should be given to action to remove barriers to employment for parents living in poverty including:

- a) Extending the provision of good quality free or subsidised childcare.
- b) Increasing and/ or incentivising more flexible working opportunities for parents.
- c) Increasing training opportunities for parents who need to boost their skills.
- d) Supporting innovative approaches to job creation in deprived communities.

2) Make sure the poorest don't pay the price for the economic crisis by:

As government seeks to tackle the fiscal deficit, it's vital that the services that are highly valued by low income families are protected by:

- a) Protecting services that support the poorest families, such as Early Years services and services that can prevent poverty, and ensure that they are focussed on supporting families living in poverty and reduce inequality.

3) Make the tax and benefit system work for the poorest families by:

- a) Taking significant steps to ensure that all who are entitled to benefits and tax credits take them up, in particular address barriers to access to advice and information.

4) Support families to reduce their expenditure by:

- a) Helping parents with the costs of school.
- b) Lifting families out of fuel poverty.

5) Break the link between poverty and educational achievement by:

- a) Making raising the educational outcomes of the poorest children a national priority.
- b) Supporting parents of children living in the most severe poverty to engage in their children's learning.
- c) Making nurseries and schools accountable for their role in the achievement of children living in poverty.
- d) Making sure school funding targets children living in poverty.

Alongside these calls on government in Scotland, Save the Children is calling on the UK Government to take action to tackle severe child poverty in a number of reserved policy areas:

1. Remove barriers to parental employment by:

- a) Meeting 100% of the cost of childcare for parents on Working Tax Credit and introducing free childcare for parents not in work who wish to train.
- b) Doing more to support parents who wish to work in part time jobs, specifically by raising the earned income level at which parents can claim full benefits.

2. Make sure the poorest don't pay the price for the economic crisis by:

- a) Not raising the level of VAT beyond 17.5%.
- b) Ensuring that any changes to thresholds for payments of tax credits protect and promote the income levels of those living in severe poverty.

3. Make the tax and benefit system work for the poorest families by:

- a) Directing more resources to the poorest families through Child Benefit.

4. Support families to reduce their expenditure by:

- a) Supporting families with the cost of fuel.

Further information

Please see Save the Children's briefing *Severe child poverty in the UK 2010* for further information on severe child poverty across the UK.

For further details, please contact Claire Telfer, Policy and Parliamentary Officer, at c.telfer@savethechildren.org.uk or 0131 527 8210.

Notes

¹ Based on the Minimum Income Calculator developed by Loughborough and York Universities and funded by the Joseph Rowntree Foundation. This estimates that a family of two adults and one child (secondary school age) needs a minimum of £348 per week to cover all out goings after paying rent. <http://www.minimumincome.org.uk/>

² *Britain's Poorest Children* (2003), *Britain's Poorest Children Revisited* (2005) and *Severe child poverty in the UK* (2007), all available at www.savethechildren.org.uk

³ Magadi and Middleton (2007). *Severe child poverty in the UK*. Save the Children.

⁴ Figures are taken from Department of Work and Pensions (2009) *Household below average income statistics*. They are based on the 50% median income threshold of a couple family with one child after housing costs for 2007/08.

⁵ Based on the relative income measure after housing costs, 24% of children in Scotland lived in poverty in 2007/08. DWP (2009) *Households below average income statistics*. DWP

⁶ OECD (November 2009) *Economic Outlook No. 86*

http://www.oecd.org/document/9/0,3343,en_2649_34109_44083593_1_1_1_37443,00.html