



# TEN YEARS TOO LONG

## A DECADE OF CHILD POVERTY IN NORTHERN IRELAND

### EXECUTIVE SUMMARY

Ten years on from the first statutory child poverty strategy in Northern Ireland, Save the Children is concerned that there has been no real change in child poverty. **One in four children were growing up in poverty last year**, down only 1ppt from 2010/11. The figures are even higher for some children; as many as **two in five children in single parent families are growing up in poverty**, a decline of only 2ppt in the last decade. These stubbornly high levels of poverty are despite years of employment and earnings growth. In fact, **the proportion of children growing up in poverty in a family where all parents are working has doubled in the last decade**, from 17% to 35%.

The social security system can protect children from being swept up by poverty. But a decade of changes to the system have weakened it: **single parents have been disproportionately affected by these changes, losing 10% of their income on average**. The system is just too slow or doesn't provide enough to prevent children from being plunged into crisis. In our work during the pandemic, we've seen families struggle to stay afloat after a parent lost a job, a drop in earnings, or because of a rapidly rising cost of living. This wasn't caused by the pandemic; Universal Credit has held up well under a historic rise in case numbers. It was caused by longstanding issues with the design, and the levels of support, in the system, which pre-date the pandemic, and left it unable to respond quickly or adequately enough.

We need a better system for children, and we need it now more than ever: **the pandemic could lead to a long term rise in child poverty**. The system as it is just isn't able to prevent this, nor is it able to tackle the high levels that already exist. Good jobs for parents, and better support for all children to access services like childcare, are key to our recovery from the pandemic. **But if we want to secure a reduction in child poverty, we need to invest in social security.**

**The Executive has taken a series of welcome steps to support children in the last year.** The commitment by the Minister for Communities to put the existing welfare mitigations on a permanent footing, and close existing loopholes, will make a real difference to families in Northern Ireland. The decision by the Department of Education to take a cash first approach to free school meals meant that Northern Ireland led the way in its response to school meals during the pandemic. The ongoing support provided to charities is making a difference, particularly to the most vulnerable groups.

But this paper argues that we need to go further to help bring down a decade of stubbornly high levels of child poverty and prevent a rise. It sets out three steps that the Executive can take in 2021 to do this:

1. The **welfare mitigations package should be strengthened**, including introducing mitigations for the two-child limit in Northern Ireland,
2. The Executive should **adopt the recommendations of the Anti-Poverty Expert Advisory Panel** and increase the financial support available to children,
3. The Executive should **support an extension of the £20 uplift** to Universal Credit and Working Tax Credits beyond September 2021.



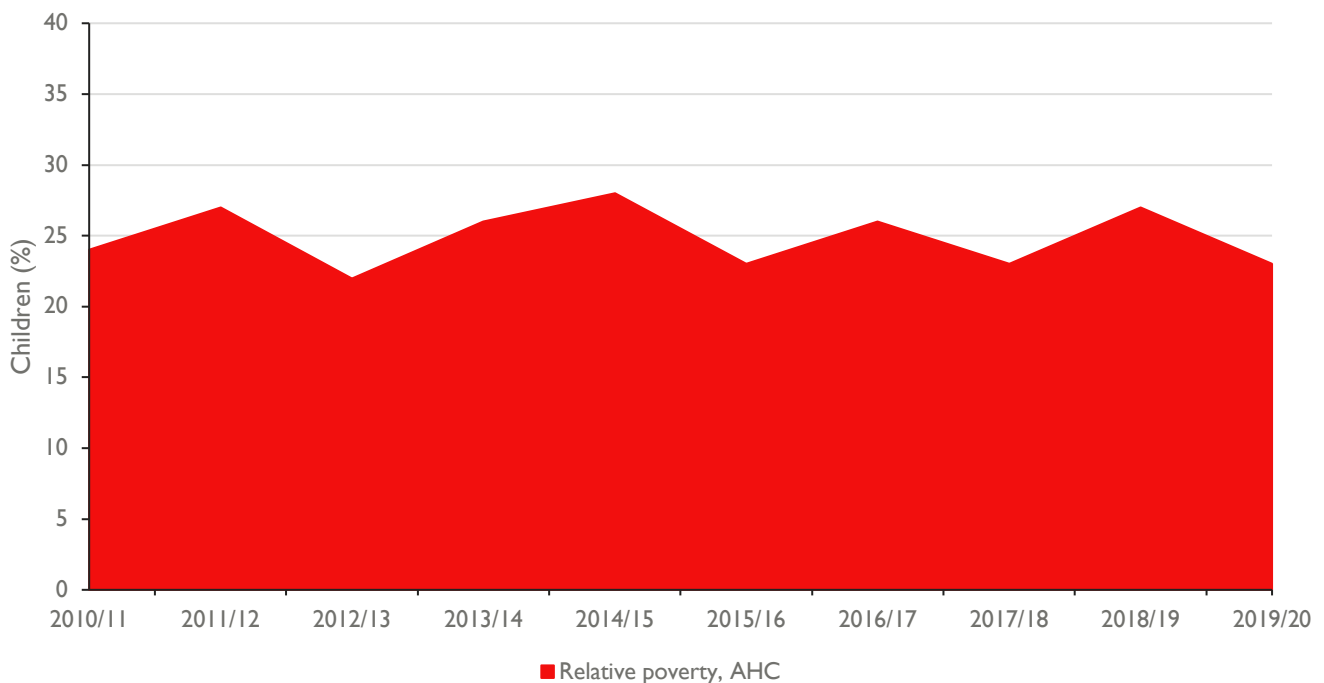
## Child poverty has remained stubbornly high for the last decade

A decade on from the first statutory child poverty strategy in Northern Ireland, the data shows that we've seen no sustained reduction in child poverty, despite increases in employment and earnings. The latest data also shows that some children, including children of single parents, children with two or more siblings, and children in a family where someone has a disability, face an even higher risk of poverty.

### One in four children in Northern Ireland were growing up in poverty before the pandemic

Figure 1 presents the headline child poverty rate (relative, after housing costs) from 2009/10 to 2019/20.<sup>1</sup> It shows that, while there is some year-on-year volatility, child poverty overall has remained stubbornly high. One in four children (23%) were growing up in poverty in 2019/20, a decline of only 1ppt in the last decade. This means that there were more than 100,000 children growing up in poverty before the pandemic.

**Figure 1 Relative child poverty, after housing costs, 2010/11 to 2019/20**



**Source:** Save the Children's analysis of the Poverty Bulletin datasets, 2010/11 to 2019/20

Compared to the rest of the UK, child poverty in Northern Ireland has remained remarkably consistent for the last ten years. The data for the UK shows that, child poverty is lower in Northern Ireland than England or Wales, and at the same level as in Scotland. It shows that, in the last ten years, poverty has trended upwards in Scotland and England in recent years, while it has fallen faster in Wales than elsewhere. In comparison, in Northern Ireland the figures have changed only marginally in the last decade (DWP 2021).

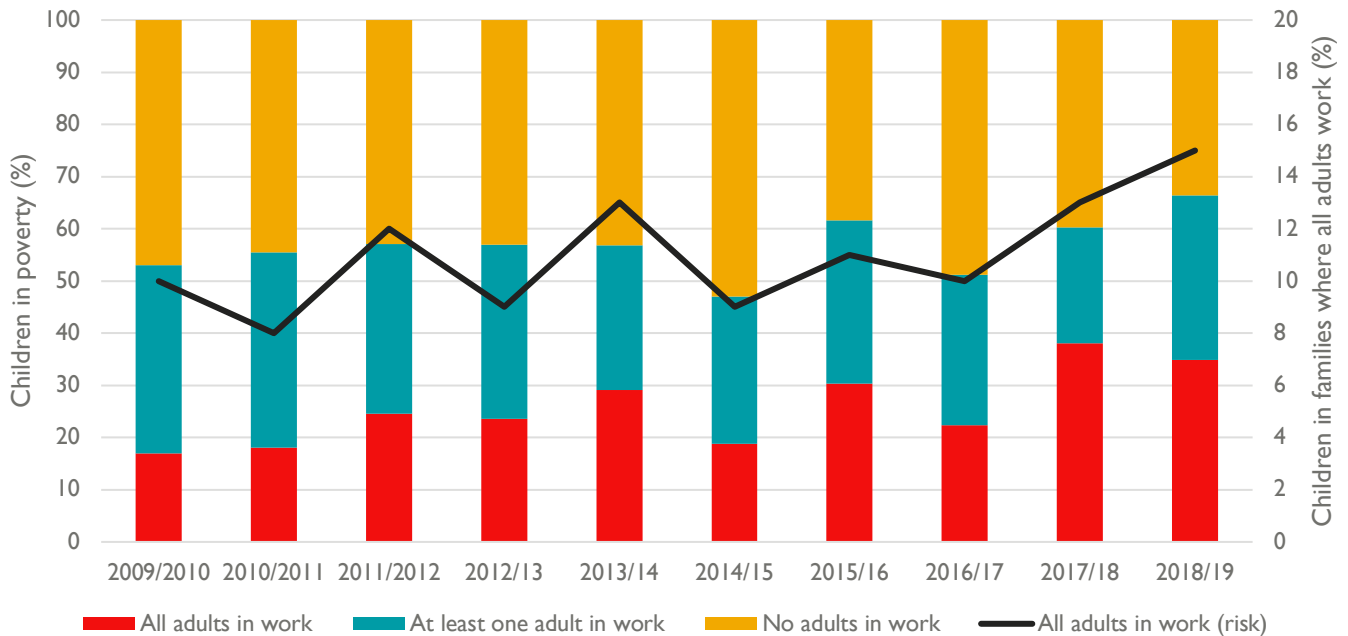
### Twice as many children are now growing up in poverty in a working family as a decade ago

These stubbornly high levels of child poverty are despite gains in employment: between 2010 and 2019 employment among fathers increased by 4.9ppt, and by 4.5ppt among mothers (ONS 2021). Figure 2 looks at the relationship between higher levels of work and child poverty. It compares, on the left axis, the proportion of children in poverty by their family work status and, on the right axis, the proportion of children

<sup>1</sup> The analysis uses data from Households Below Average Income dataset. It uses the relative poverty, after housing costs (AHC) measure. This compares whether a family's income falls below 60% of the median in a given year. We use the AHC measure as this gives a more accurate measure of the money families have after accounting for essential housing costs.

growing up in poverty among families where all adults are in work. The figure uses the data from 2009/10 to 2018/19 because we don't yet have data for 2019/20. It shows that, instead of a fall, not only has the share of children growing up in poverty in families where all adults are working doubled, from 17% to 35%, but the risk among these families has also increased, from 10% to 15%. This means that despite gains in employment and earnings over the last decade, work has become an increasingly difficult route out of poverty.

**Figure 2 Relative child poverty, after housing costs, by family work status, 2009/10 to 2018/19**



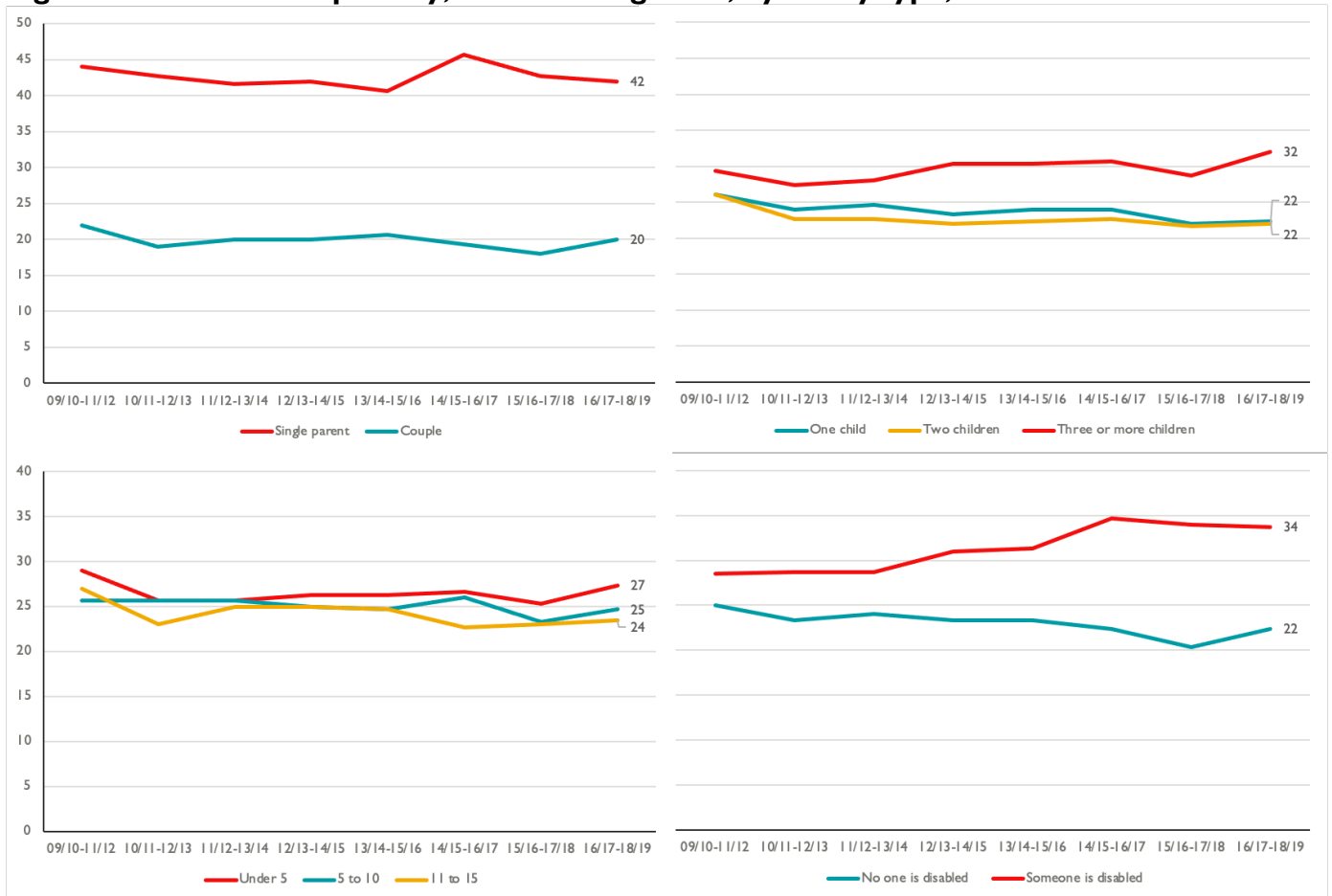
Source: Save the Children's analysis of the Households Below Average Income datasets, 2009/10 to 2018/19

**Children of single parents, children with two or more siblings, and children who live in a family where someone experiences a disability, all face a much higher risk of poverty**

Figure 3 looks at how the intersection of children's backgrounds influences the risk of poverty. It compares trends among four groups: by parental relationship, the number of children in the family, the age of the youngest child and whether someone in the family has a disability. As with the figures above on employment and child poverty, we use the latest available data from 2009/10 to 2018/19. Because of small sample sizes, and because we want to draw comparisons between groups, we use three-year averages to help ensure the robustness of our analysis, following Barnard, 2019. The findings of our analysis show that:

- The risk of poverty for children in single parent families is double the risk of children whose parents are living together, the risk has remained broadly consistent for the last decade,
- The risk of poverty for children growing up with two or more siblings has increased over the last decade, increasing by 3ppt over the last decade, while it has fallen for other children,
- The risk of poverty is higher for families where the youngest child is aged under five, followed by those whose youngest child is aged between 5 and 10, and between 11 and 15,
- The risk of poverty for children growing up in families where someone experiences a disability has increased to one in three (34%) children, up by 5ppt.

**Figure 3 Relative child poverty, after housing costs, by family type, 2009/10 to 2018/19**



Source: Save the Children’s analysis of the Households Below Average Income datasets, 2009/10 to 2018/19

**Gaps in the published data, such as data on ethnicity, should be addressed in future releases**

There are limitations in the analysis we’ve presented in this section, and in the wider data on child poverty that’s published annually in Northern Ireland.

Ethnicity, for example, isn’t included in the published data in Northern Ireland, and isn’t included in this analysis, but is included in the annual UK, Scottish and Welsh statistics. This data shows that there is a clear relationship between poverty and ethnicity: children from Black, Asian, Mixed and other ethnic groups are far more likely to grow up in poverty than other children (see for example, Scottish Government 2021).

This is a clear gap in the existing data, and it means that we don’t have a full picture of how poverty is affecting children in Northern Ireland. This should be addressed in future releases of child poverty statistics, following best practice in the other nations to do this.

**Changes to social security in the last decade mean that it isn’t doing enough to protect children from poverty**

The last decade has also seen a series of changes to the tax and benefit system in Northern Ireland and the UK Drawing on the wider evidence, and the evidence from our programmes to support children, we show how these changes have weakened the social security system and left it too slow or just not enough to protect children from being swept up by poverty.

## **A decade of changes has weakened the support for children in the social security system**

The last decade has seen a series of changes to the tax and benefit system in Northern Ireland and the UK. While these changes have led to improvements for some families, the evidence shows that they have, on average, left poorer families worse off, and reduced the level of support for children from social security:

- The poorest households in the UK have lost 10% of their incomes as a result of changes to taxes and benefits, on average about £1,200 per year (Reed & Portes, 2018, Bourquin et al 2020),
- Spending on welfare accounts for about the same proportion of overall government spending as it did in 2010 but spending on child related benefits has fallen by a third (Cooper & Hills 2021),
- The benefit freeze, the two-child limit, and changes to disability related benefits have contributed to reduced levels of financial support for children (Reed & Portes 2018),
- The value of child benefit fell as a result of the benefit freeze, with child benefit for a second child now worth less in real terms than when it was introduced in 1979 (Corlett 2019),
- Even with the introduction of the £20 uplift, the benefit system provides less support for some families, particularly those out of work, than in 2011 (Bourquin et al 2020),
- The decline in support from social security is one of the key reasons, alongside housing costs, for the rise of child poverty among in-work families (Bourquin et al, 2019).

A recent analysis of the impact of these changes in Northern Ireland for the Northern Ireland Human Rights Commission shows the scale of the impact that these changes have had on children and their families:

- Families with children have seen the largest losses as a result of these changes, with single parents losing around £2,250 per year, or about 10% of their net income, while couples with children have seen a loss of around £250 a year,
- Families with three or more children have lost around £2,575 as a result of the two-child limit, compared to around £450 for families with two children, and £50 for couples with one child,
- Families where someone has a disability have lost £2,000 as a result of changes to disability related benefits (Reed & Portes, 2019).

## **The loss of a job, falls in wages, higher costs of living, and limited access to services like childcare pushed families into crisis during the pandemic**

We've seen the consequence of a weaker social security system in our work with children over the last year. Working with our local partners, we've supported more than 3,900 children, providing vouchers to help their families cover the costs of essential items like food and household products.

Almost three quarters (74%) of the families we supported were single parent families. Over half (56%) of the families were out of work when we supported them, but one in five (17%) were in either full or part time work. Half of families were receiving support through Universal Credit (50%), while almost a third of families were receiving support from child tax credits (30%), and one in five were still receiving income support (19%). The majority of children and families were white (88%), 4% were black, 3% were Asian, and a further 3% were Roma, Gypsy or Travellers. While this data isn't representative of the wider population, it does reflect the statistics on child poverty and the increased risk that some groups of children face.

For this report, we looked at the stories of families' referral pathways to try to better understand how the key drivers behind the need for support. What we found was:

**The loss of a job, reduced earnings or hours, and even furlough, led to significant drops in incomes:** This placed huge financial pressure on the families that we worked with. Some of the parents we supported lost their job overnight, particularly those working in the sectors most affected by the pandemic,

such as in hospitality or retail. Parents who were working, but on zero-hour contracts, saw their work dry up without knowing when they would work again. Other parents were furloughed during the pandemic. While this meant that they didn't lose their job, the drop in earnings made it much more difficult to manage budgets and cover essential costs. The challenges parents faced were compounded by a perceived lack of jobs, with many parents simply unable to find work again during the pandemic.

*"I've always worked full time I've never been on benefits, I'm on universal credit now at the minute, so even that's a big difference to me. The income has been a big change to me I'm not used to worrying about money or where its coming from."*

- **Parent, Belfast**

**Families saw the cost-of-living skyrocket during the pandemic, putting increased pressure on their finances:** For some families, this was because of being at home more often. This led to higher bills and costs. Some also faced increased transport costs as they stopped using public transport, while others saw bills increase because they had to rely on more expensive shops. Restrictions on movement also meant families missed out on support they received from family and the community, which all contribute in normal times to help to cover costs. Some families also faced particular challenges because of their circumstances. For example, families with new-born babies faced financial pressures to help cover the costs of basic items like cots, strollers and nappies, while families with children with health issues faced increased costs.

*"Because the weans are in the house constantly, in the summer they're out so they're not looking for food, but now we're in the house they're just constantly going to the fridge and "I'm hungry, I'm hungry". And you can't turn around and say "well you're not getting anything to eat." Definitely I've noticed a difference between food, and oil, and electric, and then from [compared to] last year. Even the electric I've noticed it going every couple of days, instead of about a week I used to get out of it."*

- **Parent, Derry/Londonderry**

**Reduced access to services like childcare and school created financial pressures and affected children's development:** We saw parents struggle with work and supporting their children's learning because of a lack of childcare and school, as settings were closed, while specialist support was also reduced. They worried this would affect their children's learning. For examples, some families had no access to the internet or devices to access online learning and were worried that their children missed out as a result. Parents were worried that the pandemic had already had an impact on their children's development, and that it would have long term consequences for their children's later learning.

*"Just me and three kids constantly, the boys didn't have their routine anymore and they struggled pretty fast, especially the youngest one."*

- **Mum, Belfast**

**The design of the social security system means that help arrives too late or is just not enough to prevent children being swept up by poverty**

Universal Credit has held up relatively well during the pandemic, coping with a high volume of claims. But, in our work over the last year, what we've seen is that the way the social security system is designed means that support often arrives too late or is just not enough to prevent children being swept up by poverty.

We saw that, for some families, delays or inadequate levels of support left them without any help. Parents we supported who lost jobs had to wait five or more weeks to receive a payment. Other families faced delays as a result of being moved onto UC from legacy benefits. Families who saw a change in their circumstances also faced delays. Other families found that their payments were stopped, while some faced paying back past overpayments, and others simply didn't receive enough to cover essentials. Some were made self-employed,

but had very little earnings, and found they were now ineligible for support. There was also real hardship among children in families with no recourse to public funds, who had very little support open to them.

Some families have benefited from the introduction of Universal Credit (Brewer et al 2019), but we also know that some features of the system, such as the two-child limit, are making the situation worse for children. If we want to secure a reduction in child poverty in Northern Ireland, then we need investment.

Helping parents into good jobs and ensuring that all children have access to services like childcare and early education, are important steps (Thévenon et al 2018). But to secure a sustained reduction, we also need a social security system that protect children from poverty. After a decade of changes to the system, what we need is investment to help bring down a decade of high levels of child poverty.

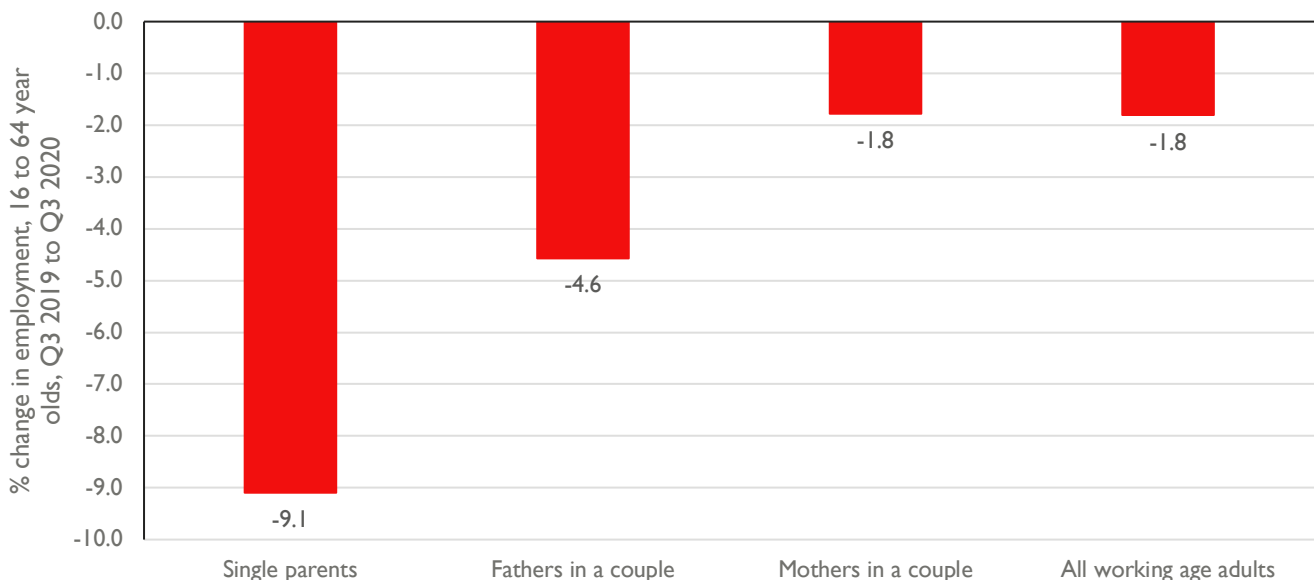
## The impact of the pandemic could lead to a rise in child poverty

This investment is needed now more than ever. The pandemic is having an ongoing impact on parental employment and earnings, particularly for the most at-risk groups, such as single parent families. There is a risk that, in the long term, we could see a rise in child poverty. The social security system is just not set up to prevent this, nor is it going able to bring down the existing levels of child poverty without investment.

### Employment and earnings are falling, particularly among the most at-risk groups

Figure 4 looks at how employment has changed among parents and working age adults overall in Northern Ireland. It uses the latest available data for this, from Q3 2019 and Q3 2020. It shows a decline of 1.8ppt in employment for working age adults, with the same level of decline among working mothers in couples. It shows a decline of 4.6ppt for fathers in couples and a sharp drop in employment of single parents of 9.1ppt.

**Figure 4 Employment rate, 16 to 64, by parental status, Oct-Dec 2019 to Oct-Dec 2020**



**Source:** Save the Children’s analysis of the Labour Force Survey, Oct-Dec 2019 to Oct-Dec 2020

Falls in employment have happened despite the furlough scheme, which has helped protected of thousands of jobs. Despite this, as the scheme is unwound in the coming months, it’s likely that we’ll see further job losses. Many of these jobs are in sectors with higher levels of low paid workers, like retail and hospitality.

The evidence also suggests that we’ve seen a decline in earnings in 2020, the first decrease since 2014, and the largest decline on record (NISRA 2021). The risk is that falls in employment and earnings could lead to

a long term rise in child poverty, particularly if they, as some of the emerging evidence suggests, fall disproportionately among groups already at a higher risk, such as single parents or low paid workers.

### **There is a real risk of a long term rise in child poverty in Northern Ireland**

A higher rate of child poverty after the pandemic is a real possibility, not just because of the impact it has had on jobs and earnings, but because the social security system isn't doing enough to support children. The impact of policies like the two-child limit will be higher levels of child poverty in the coming years.

The Resolution Foundation estimates that child poverty across the UK could increase by 3ppt by 2024/25 (Brewer et al. 2021). A similar rate of increase in Northern Ireland would see child poverty increase by more than 13,000 children compared with 2019/20.

### **Three steps to investing in social security to bring down child poverty**

During the last several months, the Executive, and the UK Government, have taken welcome steps to support children. The commitment to put the existing welfare mitigations on a permanent footing, and close the loopholes in the package, will make a real difference for families. The decision to take a 'cash-first' approach to Free School Meals in Northern Ireland was also an important step to helping families during the pandemic. Across the UK, the introduction of a £20 uplift for families in Universal Credit and Working Tax Credit have also made a real difference to families and helped thousands of children.

But, after a decade of changes, the social security system isn't doing enough right now to protect children from being swept up by poverty. Some of the issues in the social security system are the responsibility of Westminster. But, while the Executive can't address every issue in the system, it can use its powers to increase the financial support provided to children. This would help us to drive down the stubbornly high levels of child poverty that we've seen in the last decade and prevent a rise after the pandemic.

There are three steps the Executive can take in 2021 to do this:

- **The welfare mitigations package should be strengthened, including introducing mitigations for the two-child limit in Northern Ireland.** The two-child limit pushes children in larger families into poverty and it prevents children and families from benefiting fully from existing support in the benefit system. Strengthening the existing mitigations would have a significant impact on reducing child poverty in Northern Ireland.
- **The Executive should adopt the measures recommended by the Anti-Poverty Expert Advisory Panel for the Anti-Poverty Strategy.** The short-term focus should be on increasing financial support for children. This could involve topping up the value of existing benefits, such as child benefit, or introducing a new child payment, modelled on the Scottish Child Payment, to provide additional support to children.
- **The Executive should continue supporting an extension of the £20 uplift to Universal Credit and Working Tax Credits,** to go beyond the current cut off point in September to help prevent children being plunged into poverty.



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