

# **RECESSION RECOVERY PACKAGE**

## **FOR FAMILIES**

**Britain's struggling families have been forgotten in the economic crisis. Banks were bailed out and big bonuses are being paid again, but unemployment is still rising. Today's financial crisis meetings are taking place not in boardrooms, but around kitchen tables. Without action now, these families will be ignored in the recession and left behind in the recovery.**

**The Campaign to End Child Poverty has designed and costed a targeted Recession Recovery Package to:**

- Keep families afloat and out of debt**
- Support Britain's economic recovery and future prosperity**
- Lift hundreds of thousands more children out of poverty**

**MUM CAN'T COPE. WE'RE ALWAYS ASKING FOR TOO MUCH, SHE'S ASKING FOR LOANS AND DEBTS, SHE'S PUTTING HER OWN LIFE AT RISK. YES, IT UPSETS ME, BUT I SEE WHAT SHE'S GOING THROUGH AND I KEEP QUIET.**

**JELANI, 14, TALKING ABOUT HIS MUM'S LIFE.**

## THERE WERE 4 MILLION CHILDREN IN THE UK BELOW THE POVERTY LINE BEFORE THE RECESSION. WITH RISING UNEMPLOYMENT AND REDUCED WORKING HOURS, THOUSANDS MORE FAMILIES JOIN THEM EACH WEEK.

They need our help now. That means offering support, more help for basics like food, fuel, schooling and childcare, and keeping them out of debt. Failure to do this not only harms the nation's children but the whole of society, and undermines our future economic stability.

## INVESTING IN BRITAIN'S FAMILIES

Child poverty is a waste of money. But even more dismally it is a waste of lives. Whether looking at our national prosperity in terms of money, or in terms of wellbeing, we cannot afford not to invest in Britain's families during the recession.

## A COSTLY LEGACY

Between the late 1970s and mid 1990s, child poverty more than doubled.

Previous recessions led to many more children living in deeper poverty.

Poverty has a profound impact on a child's health, education and life chances, often resulting in a cycle of poverty that takes them from being poor children to becoming the parents of poor children.

Unless action is taken now, this cycle will continue, affecting future generations of children well beyond the confines of the current recession.

**We cannot afford the mistakes of previous recessions, whose social and economic costs are still with us today.**

## INVESTING IN ECONOMIC RECOVERY

With both spending cuts and tax increases likely, Government must spend wisely in ways that will support the UK's future prosperity. Research by the Joseph Rowntree Foundation suggests that Britain's child poverty already costs the economy at least £25 billion a year.

The impact of such gross inequality is revealed on just about every measure of social harm – worse health, higher disability rates, increased crime, more academic underachievement, a lower skilled workforce, more antisocial behaviour, and higher levels of risk behaviour like drug abuse, alcoholism and unprotected sex.

**A Recession Recovery Package is good for families and children today, and for the economy tomorrow.**

## STAYING AFLOAT

Many families are contending with reduced working hours and enforced wage cuts, making in-work costs such as childcare and school dinners even more of a challenge. Parents made redundant are joining other families struggling on inadequate benefits.

We need measures to support families in and out of work. Research shows that if benefits and tax credit levels are raised, low income families spend the extra money on things their children need – spending that supports local businesses too.

Investment in benefits and tax credits, and support for in-work costs, will keep families and the economy afloat.

## AVOIDING DEBT

More and more families are getting deeper into debt as the recession bites. Debt can lead to prolonged unemployment, family breakdown and mental health problems. It would be a false economy for the nation to abandon these families now and pick up the pieces later.

Struggling families often fall victim to the worst kind of lenders – loan sharks and dodgy high street deals with rates of interest as high as 500%. Families who get turned down for bank accounts are at particular risk.

**Keeping families out of debt now must be the priority.**

### The Poverty Premium: The true cost of a washing machine to low-income families

A comparison of the total repayable amount for a typical washing machine based on current sources of credit available to low income families<sup>1</sup>.

Cost of washing machine in cash: £219

Provident Personal Credit @ 183.2% APR: £369.83<sup>2</sup>

Loan Shark @ 500% APR: £510.16

Social Fund @ 0% APR: £219

<sup>1</sup>Based on a loan taken out on a 12 month repayment scheme.  
<sup>2</sup>As the lending agency's websites only offered a limited range of specific repayment terms, the total repayable amount over 12 months was equalised.

# URGENT RECOMMENDATIONS: THE RECESSION RECOVERY PACKAGE FOR FAMILIES.

Urgent action is needed from Government with measures that have a direct impact on struggling families. Over half of all children in poverty now have a working parent, therefore as well as supporting families facing unemployment, a number of these measures are directed at working families with low incomes.

## 1 INVEST IN BENEFITS AND TAX CREDITS:

It's the quickest, most cost effective way to support families and children and help them avoid debt. The more invested, the more children are lifted out of poverty and the more is spent in local businesses.

**Cost:** Any increase will make an important difference to families. Around £4bn would ensure the 2010 target to halve child poverty is met.<sup>1</sup>

## 2 INCREASE FUNDING AND ACCESS TO THE SOCIAL FUND AND EXTEND ELIGIBILITY TO THOSE FAMILIES ON WORKING TAX CREDIT:

This essential source of grants and free credit for low income families helps meet urgent costs like a broken oven or funeral. It must be better resourced and reach more families struggling in the recession before the loan sharks get to them.

**Cost:** £350 million

## 3 INCREASE SUPPORT FOR CHILDCARE COSTS:

Working Tax Credit only covers 80% of the costs of childcare. Meeting the other 20% will help ensure parents are better off in work. With many families forced to cut working hours, this could be the difference that keeps them in employment.

**Cost:** £420 million gross, but with a net economic and fiscal benefit from keeping more parents in work.

## 4 ENABLE PARENTS TO WORK IN 'MINI' JOBS:

Government has promised to pilot an earnings disregard of £50 a week to help lone parents on benefits who can only get jobs of 16 hours or less. A third of all Jobcentre Plus vacancies are for this type of job. Government should fast-forward rolling out the pilot nationally.

**Cost:** £790 million, with a net economic benefit and an income boost to families over £1 billion.

## 5 HELP PARENTS TO MEET THE COSTS OF SCHOOL:

The cost of school meals cuts deep into the budgets of low-paid working families. Extending free school meals to families on Working Tax Credit could make the difference between being better off in work and claiming benefits. A school clothes grant for families without work will help keep many out of debt when the extra costs arise.

**Cost:** Free school meals extension: £102 million to offer free school meals to all children below the poverty line.<sup>2</sup>

Annual school clothing grant payment of £50 for pupils on free school meals (aged 5 – 16): £54million<sup>3</sup>.

**IT'S MY FIRST THOUGHT. DO I HAVE ENOUGH MONEY TO GET THROUGH THE DAY? DO I HAVE ENOUGH TO CLOTHE AND FEED HER? BUT WITH THE CREDIT CRUNCH AND PEOPLE GETTING LAID OFF WORK, IT'S GOING TO BE LIKE THAT FOR EVERYBODY.**

**LONE PARENT OF DAUGHTER AGED 2.**

<sup>1</sup>M Brewer, J Browne, R Joyce and H Sutherland, Micro-simulating child poverty in 2010 and 2020, Institute for Fiscal Studies, 2009.

<sup>2</sup><http://www.schoolfoodtrust.org.uk/UploadDocs/Library/Documents/>

<sup>3</sup>Approximate costs based on an annual payment covering the 5 – 16 age range in all 150 LEAs. Average annual costs per local authority would be £362,870.

## WHAT YOU CAN DO



# TAKE ACTION

Help us campaign for the urgently needed **Recession Recovery Package for Families:**

➤ **Contact your MP**

➤ **Contact the Chancellor**

➤ **Write to your local newspaper**

Visit [www.endchildpoverty.org.uk](http://www.endchildpoverty.org.uk) for more information and support to help you take action.

## ABOUT END CHILD POVERTY

The Campaign to End Child Poverty is made up of more than 150 organisations including children's charities, child welfare organisations, social justice groups, faith groups, trade unions and others, concerned about the unacceptably high levels of child poverty in the UK. We have united behind the Campaign because there is an urgent need to end the high levels of child poverty in the UK that ruin life chances and damages the whole of our society.

4 Children	Citizens Advice Bureau	FBU	National Childminding Association	Scout Association
ACT	Citizens Advice Scotland	Fostering Network	National Childrens Bureau	Scottish Out of School Care Network
Action for Children	City Bridge Trust	Frank Buttle Trust	National Council for Voluntary Youth Services	Scottish Women's Convention
Action in Rural Sussex	City Parochial Foundation	Friends and Parents of Oakgrove College	National Day Nurseries Association	SERTUC
Adoption UK	Cleveland TU & Unemployed Workers Centre	Gingerbread	National Energy Action	Shaw Trust
Advance General	CLIC Sargant	GMB	National Group on Homeworking	Shelter
Amicus	Communication Workers Union	Grandparents Plus	National Union of Students	Span UK
Archbishops' Council	CommUnity	Hartnell Creative Communication	National Union of Teachers	Spurgeons Child Care
ASLEF	Community District Nursing Association	Howard League for Penal Reform	National Voice 2	St John Ambulance
Association for Family Therapy	Confederation of Heads of Young People's Services	Joint Educational Trust	National Youth Agency	Straight Talking Peer Education
Association of Principal Youth & Community Officers	Contact a Family	Joseph Rowntree Foundation	Nationwide Group Staff Union	Streatham Drop-In Centre
ATD Fourth World	Coram Family	Junior League of London	Northern Ireland Anti-Poverty Network	TACT
ATL	Council for Disabled Children	Kids Company	Notting Hill Housing Trust	TGWU
Barnardo's	Country Holidays for Inner City Kids	Kids Club Network	NSPCC	Transport Salaried Staffs Association
Bath and NE Somerset Council	CPAG	Kirkby Unemployed Centre	One Parent Families Scotland	Treehouse Trust
BECTU	Credit Action	Learning Disability Wales	Oxfam	TUC General Council
British Association for Adoption and Fostering	Dartington Hall Trust	Leonard Cheshire Disability	PCS	TUC Northern Region
British Association of Social Workers	Daycare Trust	LEYF	Poverty Alliance	Turn2us
British Black Anti-Poverty Network	Derbyshire Unemployed Workers Centre	Liberal Judaism	Pre School Learning Alliance	Turning Point
British Humanist Association	Disability Alliance Ed & Res Assoc	Local Government Association	Prison Officers Association	UCATT GO
Capacity Consultants Ltd	East Acton Primary School	London Play	Professional Footballers' Association	UCU
Capita	Elizabeth Finn Care	London Youth	RADAR	UK Coalition Against Poverty
Care Coordination UK	Energy Action Scotland Ltd	Mencap	Rainer	UNICEF
Caritas Social Action	Every Disabled Child Matters	Moneyline	Rathbone Training	Union of Construction, Allied Trade & Technicians
Chartered Society of Physiotherapy	Families Need Fathers Ltd	Mother's Union	RNIB	Unison
Children 1st	Family and Parenting Institute	Musicians' Union	RNID	Unite the Union (Amicus Section)
Children England	Family Action	NACB	Royal College of Nursing	USDAW
Children in Wales	Family Fund	NACO	Royal College of Paediatrics and Child Health	Wellchild
Children's Links	Family Holiday Association	NASUWT	Save The Children	Whizz Kids
Children's Rights Alliance	Fatherhood Institute	NDCS	School-Home Support	Who Cares? Trust
Children's Society	Federation of London Youth Clubs	National Assembly of Women	Scope	Women's Budget Group
Children's Trust		National Association of Cooperative Officials		Working Families
Choices		National Autistic Society		YMCA
Church Action on Poverty		National Childbirth Trust		YWCA
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