

Recommendations

To reach the 2010 target of halving child poverty the Government must ensure adequate incomes for all. For those families at greatest risk of poverty who are unable to access work, greater investment is needed in the benefits they depend on. For those families who are able to access work, but remain at high risk of poverty, decent pay and support from employers to progress in employment are essential. So the Campaign to End Child Poverty is calling for:

1) Government to commit £4 billion annual investment on benefits and child tax credits to reach 2010 target of halving child poverty.

Benefits and child tax credits provide indispensable help to families on low incomes and have been a driver behind the fall in child poverty so far. Analysis by the Institute for Fiscal Studies suggests that by investing a further £4 billion in benefits and tax credits, the Government will reach its 2010 target and lift a million children out of poverty.

3.8 million children are living in poverty in the UK today

Child poverty is not inevitable, and progress has been made, but with one child in every three still experiencing poverty we have an urgent task on our hands.

The Campaign to End Child Poverty is made up of over 80 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 - all working together for our common vision of a poverty-free UK.

What is £4 billion worth?

- 1/6 of what British people will spend on foreign holidays this year
- 4p out of every £10 of UK consumer spending
- Less than half the £8.8 billion handed out in city bonuses last year
- The annual income of 145 David Beckhams
- 0.3% of the UK's GDP
- Halving child poverty by 2010

Sources: Mintel reports on UK consumer spending; Centre for Economics and Business research; BBC Sport; HM Treasury; Institute for Fiscal Studies.

2) Government to increase the minimum wage.

Low pay means that work is not always a route out of poverty. Over half the children living in poverty in Britain are in households where at least one adult works. The current minimum wage for those over 22 years old is just £5.35 an hour (due to rise to £5.52 in October 2007). Even lower rates are paid for those 21 and under. Families whose principle income is from a minimum wage job are at very high risk of poverty. Unless the minimum wage is increased ahead of increases in average earnings, many these families will remain stuck in poverty, despite parents working hard to provide for their children.

3) Employers to pay a decent wage and support progress in employment so that parents are not trapped in poor quality jobs.

Temporary employment and jobs that provide no opportunities for training and progression leave families trapped in in-work poverty without opportunities to improve their situation. Employers must recognise and meet obligations to develop of the skills, qualifications and experience of their employees. A more skilled workforce can benefit the employer as well as ensuring that parents on low wages can progress into roles that pay better and increase their family's income.

This is a series of briefings on our four key Campaign areas. Others will include:

Child Poverty, Employment and Childcare:

The Government must ensure that work pays, ensure that parents are not trapped in poor quality jobs and make sure that all parents can combine work and family life through the provision of a sufficient supply of high quality, affordable, accessible childcare.

Child Poverty and Education:

The Government must provide access to high quality early years education for every child from a low-income family; Aim to close the gap between state and private school funding levels and

ensure that new spending is geared towards schools in the poorest areas or with the poorest intake; Ensure education works for all children by rolling out personalised learning agendas in schools to guarantee increased support, particularly for those from the poorest backgrounds.

Child Poverty and Housing:

To ensure an adequate home for every child the Government must have built 20,000 additional social rented homes per year to lift 154,000 children out of bad housing.

Child Poverty and Income

“ Struggling with money like this and not having enough to get by on and not being able to give your kids what they want can be really depressing. Some days I can hardly think. Some days I just feel like crying. ”*

“ We find it hard to make ends meet on this amount of money. We spend around £30 on gas, £10 on electricity, £20 on our water bill. We have got a TV on hire purchase and so I spend around £10 on that. My son's bus fare costs just under £10 per week. We spend most of the rest of what we have on food. ”*

“ You can set out a budget but there is no room for manoeuvre and so when something unexpected arises it throws it all off course. You can think you have it all planned out but then my son will come home from school with a letter saying he needs new expensive pencils for his Art GCSE – and then we need to figure it all out again. ”*

“ My children have never been swimming, I would love to take my children swimming but I can't afford it and could not afford the transport to the swimming pool. ”*



To learn about child poverty, take action and get involved in the Campaign, go to:

www.endchildpoverty.org.uk

Registered Charity no. 1099008.

One parent families
GINGERBREAD
making change happen

**CHILD
POVERTY
ACTION
GROUP**

 **Barnardo's**
BELIEVE IN CHILDREN

We Save the Children Will you?

A briefing by Barnardo's, CPAG, One Parent Families and Save the Children for the Campaign to End Child Poverty

* All quotations from interviews by Barnardo's, Save the Children and nfp Synergy in 2006 and 2007.

Child Poverty and Income

Summary

In the UK today 1 in 3 children live in families on incomes well below the poverty line. As a result millions of children go without basic necessities such as adequate clothing, a healthy diet or a warm home.

They are excluded from activities that we take for granted such as having friends home for tea, family outings or presents at birthdays and at times essentials like a warm winter coat. Goods and services cost families on

low incomes more because they can't afford to pay for items in full or by direct debit. When basic items like fridges or cookers breakdown families may have to resort to

doorstep lenders to get credit, but at rates so high they end up in long-term debt. These families need a living income.

The poverty premium

The poorest families in the UK pay higher prices than better-off families for basic necessities like gas, electricity and banking. The costs that poor families bear in acquiring cash and credit, and in purchasing goods and services, can amount to a 'poverty premium' of around £1,000 – 9 per cent of the disposable income of an average-size family (source: research by Save the Children and the Family Welfare Association, March 2007).

A major factor is the high costs of credit options like hire-purchase or doorstep lending that tend to be the only option when low-income families with a poor credit rating need to buy high cost items things like essential household appliances. Utility providers frequently have high initial costs to access cheaper longer term prices that are a barrier to low-income families taking advantage of these options. Those who cannot afford to sign long-term contracts for bundles of services, or to pay bills by direct debit, pay higher charges through pre-pay metering and pay-as-you go services for essentials like energy and a telephone connection.

Holiday costs

Holidays, particularly the long school holidays in the summer, are a time of high costs for families. Extra childcare may need paying for as well as activities to keep the children active and happy. There is added pressure as families lose entitlement to free school meals. The average value of a primary school meal is about £1.35 so a family with 2 children at primary school are £13.50 a week worse off.

For those living below the poverty line, a holiday is unlikely to be an option. With the extra school holiday costs on top of the daily struggle to make ends meet throughout the year, it is no surprise that over half (53%) of lone parent families, and nearly a fifth (19 per cent) of couple families with children could not afford a week away except for staying with family (Source: Hoxhallari, L. Conolly, A. and Lyon, N. (2007) Families with children in Britain: Findings from the 2005 Families and Children Study (FACS) DWP Research Report no. 424, DWP).

Case study 1

"The holidays are a nightmare"

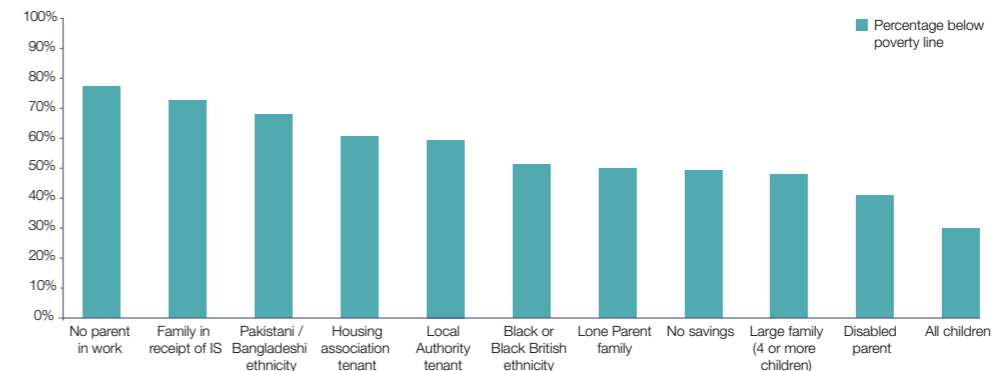
Tasneem is a single mother of a 10 year old and a 13 with learning difficulties living in London. The family has £180 a week to live on.

The last time the family had a holiday was 3 years ago. She told us school holidays are hard as "you spend more money than you get". She is "scared" to take her children out as trips just cost too much, except to the local park, or occasional visits to Pizza Hut.

Generally in the area there is very little for children to do. Tasneem used to take her children to a play centre in the school holidays, but changes to the charges make it unaffordable now. Her son had karate classes for a while, but each session cost £5, the insurance £30 and the uniform £75 so he had to stop. 'They keep increasing things, that's the problem'.

Source: All case studies from interviews by Barnardo's, Save the Children and nfpSynergy in 2006 and 2007. Names have been changed.

Poverty Risk for Children



Source: HBAI series for 2005/06 (DWP)

Case study 2

"We really struggle to make ends meet at the moment. In fact, we don't make ends meet. You can't do your shopping and pay all your bills on this amount of money. We make just under £200 per week household income and it's impossible to balance everything. We are quite heavily in debt at the moment – we owe £6,000 and this is increasing all the time."

Kate and her partner, Jon, have 3 children and live in the suburbs of Birmingham. They depend on out of work benefits as their only income. Jon worked for his father, but lost his job when his father died and because of a criminal record from being in trouble when he was younger he has struggled to find work. Kate is studying part time for a Business Administration qualification and plans to return to work when her youngest child starts school.

Which children live in poverty?

3.8 million children are in poverty in the UK (after housing costs). The poverty line is measured at 60% of median family income. The actual amount varies according to family type (i.e. how many family members, their age, whether any are disabled) but for a couple with two children aged 5 and 14 it will be £306 per week and for a single parent with two children aged 5 and 14 it will be £227. Out of work benefits would leave any such couple £101 behind the poverty line each week and the single parent family £56 behind the poverty line each week (source: DWP benefit rates and a projection of the poverty line for 2007 based on DWP's HBAI series for 2005/06).

Some children face a much greater risk of poverty than others. The chart below shows the risk of being in poverty for different family types.

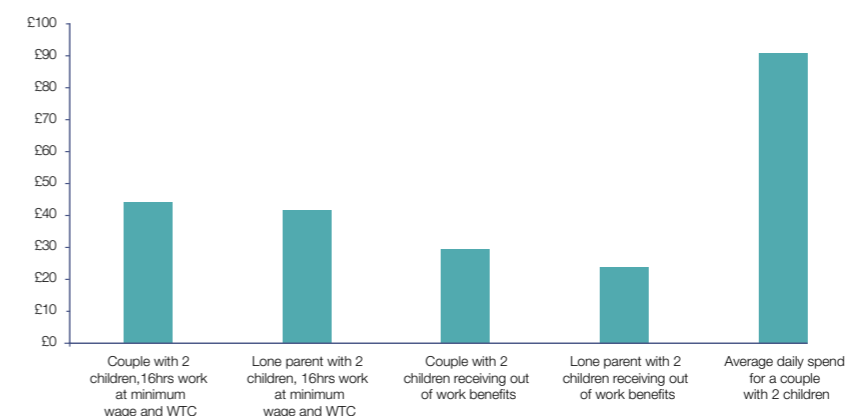
Case study 3

"I receive £101 per week on income support and £29 child benefit [prior to April 2007 uprating]. We have no other sources of income at this moment in time. It's just not enough money for us to live on and to pay for the things we need. By the time the bills are done we don't have much left and it's very hard to get by. Especially when the kids need particular things, like new shoes. Nothing comes cheap. When the kids need something extra it just means that we don't pay a bill or two. That's the way it has to be."

Jenny is a 44 year old lone parent of two children aged 6 and 15. She has about £1,500 of debt that was used to pay for household appliances when the family moved into their flat. She is doing a night course in bookkeeping and hopes to run her own business one day. But currently an assessment by Jobcentre Plus found that with the 30 hours a week she could manage alongside caring for her children she would only be £20 a week better off at the pay levels of the work she could find. So although she would like to work, the working incentive would be less than 70p per hour for a near full time job.

Source: Out of work family incomes from DWP benefit rates; in-work incomes from DWP's April 2006 tax and benefit models; and average daily spend for a UK couple from the ONS Expenditure and Food survey 05/06.

Typical Income per day for Poor Families



¹ After Housing Costs; Poverty is defined as living below 60 per cent of median income.

² DWP (2007), DWP and National Statistics (2007) Households Below Average Income An analysis of the income distribution 1994/5 – 2005/6 Department for Work and Pensions. Available at <http://www.dwp.gov.uk/asd/hbai.asp>

³ Adelman L, Middleton S and Ashworth K (2003) Britain's Poorest Children: Severe and persistent poverty and social exclusion Save the Children.