



Save the Children

Achub y Plant



Children in severe poverty in Wales:an agenda for action

**Final report of a study funded by the Welsh Assembly
Government's New Ideas Fund**

***Undertaken by Save the Children and The Bevan Foundation
with the New Policy Institute and Focus Consultancy***

The project was led by Anne Crowley and Victoria Winckler

February 2008

The true measure of a nation's standing is how well it attends to its children: their health and safety, their material security, their education and socialisation, and their sense of being loved, valued and included in the families and societies into which they are born.¹

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Published by the Wales Programme of Save the Children

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First published 2008
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¹ UNICEF, Innocenti Research Centre (2007) *Report Card 7: An Overview of child well-being in Rich Countries* Florence, www.unicef.org/irc

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Executive summary

Introduction

Over one in four children in Wales and across the UK live in households with an income below the commonly agreed poverty threshold of 60 percent median. Over one in ten children in Wales live in severe child poverty where household incomes are below 50 percent median and children and adults in the household are lacking necessities because they cannot afford them. Child poverty blights the lives of thousands of children in Wales, affecting their education, health, future employment and life-chances.

This report summarises the key findings of a Save the Children and Bevan Foundation project which investigated the circumstances of children living in the most severe child poverty in Wales; reviewed effective approaches for tackling the particular barriers these families are facing and recommends a number of promising approaches to the Welsh Assembly Government. The project involved secondary analysis of data from the *Family Resources Survey*, an extensive literature review and a round-table seminar with experts in the field (from Wales and across the UK). The project was financially supported by the Welsh Assembly Government and included significant inputs from the New Policy Institute and Focus Consultancy as well as the Bevan Foundation and Save the Children.

Policy context

The Assembly Government has demonstrated a commitment to tackling child poverty with a child poverty strategy (2005), an implementation plan (2006) and more recently, additional proposals in the *One Wales* programme of government. But while child poverty in Wales reduced over the first half of this decade faster than any other part of the UK, progress has since stalled and it is time for a radical re-think of current policies and investment, at both a UK and Welsh Assembly Government level, to get back on track.

Experts have claimed that the UK Government needs to invest an additional £4 billion a year if it is to meet its target of halving child poverty by 2010 and, while income transfers remain key, other measures within the remit of the Welsh Assembly Government are required if child poverty is to be eradicated in Wales. We argue that if the Welsh Assembly Government is to meet its ambitious but welcome targets to halve child poverty by 2010 and eradicate it by 2020 then it must develop specific policies to tackle the particular issues facing those children and families living in the most severe and persistent poverty.

Severe child poverty in Wales

The New Policy Institute (NPI) analysed existing data to explore the circumstances of children living in severe child poverty in Wales. Unfortunately the small size of the Wales sample in the *Family Resources Survey* preclude a Wales-specific analysis of severe child poverty. Our analysis was therefore supplemented by the findings of a

recent UK-wide study commissioned by Save the Children. The key findings of our investigations are set out below. An important recommendation for the Welsh Assembly Government from this project is to finance a boost in the size of the Welsh sample in the *Family Resources Survey* to enable more detailed analysis of the data on severe child poverty in Wales in order to arrive at better informed policy decisions.

Key Findings

- We estimate that about 13 percent of all children in Wales live in severe poverty (90,000 children). A higher proportion (19%) have household incomes less than 50 percent of the median but do not lack basic necessities.
- There is a strong association between severe child poverty and living in a household where no adult works. Worklessness accounts for two thirds of severe child poverty.
- Living in a household where one or more adults work is not a guarantee of avoiding severe poverty. However, the more work that is done in a household, the lower the likelihood of severe child poverty.
- There is a strong association between severe child poverty and having at least one parent with a disability; a third of children in severe poverty have a disabled parent.
- There is also a strong association between severe child poverty and living in a lone parent household (in large part because lone parents are less likely to have paid work than couple households).
- Other factors associated with severe child poverty include: living in a large family; living in an Asian/Asian British family; living in a family where mothers do not have any educational qualifications.
- The links between the household characteristics and severe child poverty are complex with many of the factors overlapping, making it especially hard for such families to leave poverty.

Promising Approaches

The promising approaches identified from our extensive literature review and developed in discussions with experts in the respective fields, fall into four categories:

- Income maximisation: strategies to increase the incomes of families on benefit and those in work.
- Routes to employment: improving access to paid work (for those who can).
- Education transforming life chances: improving learning and skills as a key route out of poverty.

- Making public services deliver for families facing multiple disadvantage: those in most need and the hardest to reach.

Before outlining the key recommendations within each of these categories there are a number of common themes to consider. These include:

- Improving co-ordination of policy and action between Whitehall and Cardiff; across all functions of the Welsh Assembly Government; and between the Welsh Assembly Government and local government.
- More effective targeting of resources on those in greatest need balanced with non-stigmatising approaches.
- Improving performance across Wales and reducing the ‘post code lottery’ whereby service standards vary hugely across different local authorities and public agencies.

Maximising household income

- The Welsh Assembly Government should work with Her Majesty’s Customs and Revenue (HMC&R) to raise awareness of Working Tax Credits in Wales and to support families to claim benefits/credits due to them.
- The Welsh Assembly Government should take action to reduce the burden of indebtedness by improving the availability of money advice services and tackling illegal lending.
- Administration of housing benefit in Wales must be significantly improved.
- The Welsh Assembly Government and other agencies should explore ways in which the financial burden faced by poor families can be eased, including ensuring that education is genuinely free, providing free school meals to all pupils, and eliminating the poverty premium, e.g. on bank accounts and electricity supplies, paid by poor families.

Routes to employment

- Helping parents to find sustainable employment, compatible with their parenting roles, should be at the centre of action to tackle child poverty in Wales.
- Department for Work and Pensions programmes should be more ‘family friendly’ and more flexible, to meet the differing needs of parents.
- There needs to be dramatic improvements in the availability, affordability and flexibility of childcare provision in Wales. In particular childcare that is flexible enough to meet the needs of parents with atypical working patterns; childcare out of school hours and childcare for children with disabilities.

Education to transform life chances

- Improving the educational attainment of children is key to breaking the cycle of poverty in the medium to long term. There should therefore be a much stronger emphasis on education and learning in the Welsh Assembly Government strategies to tackle child poverty.
- The Welsh Assembly Government's emphasis on early years learning and support is commended but more needs to be done to support children aged 4+ to narrow the attainment gap as children move through primary and secondary school.
- There should be positive incentives for schools to reduce inequalities. But as well as schools, a range of agencies have a key role to play in supporting the education and learning of children from poor families. A joined up approach is essential. There is particular scope for out-of-school activities to complement and add to the contribution of schools; and for programmes of personalised learning which have been shown to be effective in raising attainment levels.
- There must be substantial investment in 'closing the gap' between children from different backgrounds; funding is vital but investment in management and professional development is also important.
- Urgent action needs to be taken to enhance remedial support for under-achieving children and to reduce disengagement from school during years 7 – 10.
- The Welsh Assembly Government should develop programmes to prepare young people for working life; support the transition more effectively; and raise young people's aspirations.
- Detailed examination of the factors influencing the progress of children in school and in learning and what approaches might work in Wales to improve the educational attainment of children aged 4 -18 from low-income families should be the subject of a future, stand alone, Welsh Assembly Funded New Ideas project, given the depth and breadth of such an inquiry.

Making public services deliver

- Help and support is not always getting to the families who are facing multiple disadvantage. Engaging such 'hard to reach' families is key and extra support is needed to help these families access mainstream public services.
- Individualised, flexible assistance is likely to be required over a sustained period of time for families in the greatest need. Community-based multi-agency teams should be established to provide integrated, non-stigmatised family support services.

- There should be incentives for public bodies to 'join up' their services more effectively. Action should include revision of current funding arrangements which perpetuate the 'silo' approach in public services in Wales. The new single plan for children and young people provides a key mechanism to improve joint working.
- Child poverty should be a high priority for new Local Service Boards.
- Health visitors have a key role to play supporting children and their families in pre-school years and their role needs to be properly resourced. On entering school, responsibility for a child's welfare should be clearly handed over to a named person within the school.

Conclusions

Child poverty is one of the greatest threats to the well-being of the people of Wales. The targets of halving child poverty in Wales by 2010 and eradicating child poverty by 2020 are challenging and must be a high priority across all government bodies and agencies in Wales. To be successful, policies to tackle child poverty must be actioned across all policy areas with mechanisms in place to engage the children, young people and parents who are affected, in designing, implementing and evaluating policy solutions.

Article 4 of the United Convention on the Rights of the Child obliges governments to fulfil children's rights to the 'maximum extent of their available resources'. If child poverty is a top priority for the Welsh Assembly Government it has to deploy more of its own internal resource to the task of identifying how best to use its £14 billion allocation to eradicate child poverty in Wales. As the target date for halving child poverty draws nearer some bold and radical commitments are needed if the lives of children in the most severe poverty are to be transformed. At the moment, much public policy operates in the dark. More work needs to be done to identify the most effective interventions, and our final conclusion is therefore that a specialist team – a Child Poverty Policy Unit - within the Welsh Assembly Government, dedicated to developing effective policy and strategy on child poverty, should be established.

1. Introduction

A 'national disgrace' is how the UK's first Children's Commissioner in his first annual report described child poverty in Wales². And so it is. Child poverty scars the lives of too many children and young people living in Wales. It limits their future life chances for employment; training; enduring, positive family and social relationships; good physical and mental health and longevity and it affects their childhood experiences profoundly³.

In research, recently conducted on behalf of Save the Children with 1,500 families living on a low income across the UK, 8 out of 10 parents said their children missed out on activities such as after-school clubs, school trips and inviting friends for tea⁴. Difficulties in making ends meet meant that children in at least a quarter of these households went without warm coats in winter, proper meals and heat in the home. Poverty is the single biggest threat to the well-being of children in Wales. Poor children often have little or no space to play and live in areas with few shops or amenities; children from the bottom social class are four times more likely to die in an accident and have nearly twice the rate of long-standing illness than those living in households with high incomes. Children who grow up in poverty are far less likely to do well in school and are much more likely to leave the education system with no qualifications at all⁵.

The UK is a wealthy country yet over one in four children are living in households below the commonly agreed poverty threshold of 60 percent median income. Among the 25 European Union countries only Italy, Portugal and the Slovak Republic have higher levels of child poverty⁶. In 1999, Tony Blair committed his government to a bold pledge to eradicate child poverty in the UK within 'a generation'. The UK Government set a series of targets to achieve this ambitious goal, the first of which (to reduce child poverty by one quarter) was set for March 2005. Unfortunately, whilst many children had been lifted out of poverty by the tax and benefit changes and welfare to work polices introduced by the Government, the target was missed by 300,000 children.

² Children's Commissioner for Wales (2002) *Report and Accounts 2001-2*, <http://www.childcom.org.uk>

³ Bradshaw, J and Mayhew, E. (2005) *The Well-being of Children in the UK*. University of York, and Save the Children.

⁴ Magadi M. and Middleton, S., (2007) *Severe Child Poverty in the UK* London: Save the Children Available at http://www.savethechildren.org.uk/en/54_2196.htm

⁵ Bradshaw, J and Mayhew, E. (2005) *The Well-being of Children in the UK*. Save the Children and University of York.

⁶ UNICEF, Innocenti Research Centre (2007) *Report Card 7: An Overview of child well-being in Rich Countries* Florence, www.unicef.org/irc

Whilst further changes to taxation and the benefit system will be needed to address income poverty, a recent report by the Joseph Rowntree Foundation⁷ scopes what is required to end child poverty by the year 2020 and for government to meet its next target of halving it by 2010. The report makes it clear that income transfers in themselves will not be enough and that fiscal measures need to be combined with other policies to improve the incomes of parents. They point out that many of the parents of 2020 are still in school today and that a decisive effort to improve educational outcomes for disadvantaged groups, and renewed efforts to improve low pay and women's access to child care, would help tomorrow's parents to thrive in the labour market. There are, the report acknowledges, a number of solutions to child poverty that need to be tackled at a devolved, i.e. the National Assembly for Wales, level of government.

This study

Earlier this year, with financial support from the Welsh Assembly Government's New Ideas Fund, Save the Children and the Bevan Foundation instigated a policy scoping study to investigate the circumstances of children living in the most severe poverty in Wales and to consider the most effective policy solutions for the Welsh Assembly Government and its partners to adopt to tackle severe child poverty.

The project had three stages. The first was to interrogate existing data in a bid to identify more information on the circumstances of children living in severe child poverty in Wales. The second stage was a review of the literature to explore what policy solutions (other than tax and benefit provision which is non-devolved) have worked elsewhere to address the particular circumstances of those children and families most likely to be living in severe child poverty in Wales. The third stage of the project was to bring together experts in their respective fields in a seminar to discuss the most promising policy areas to emerge from the literature review, and develop them into firmer policy options to put before the Welsh Assembly Government for possible inclusion in its strategy to tackle child poverty.

This report sets out the results of that exercise.

⁷ Evans, M. and Scarborough, J. (2006) *Can Current Policy End Child Poverty by 2020?* York: Joseph Rowntree Foundation <http://www.jrf.org.uk/knowledge/findings/socialpolicy/0376.asp>

2. Definitions and measurement

Despite a reduction in the numbers of children living in child poverty in Wales during the period 1999-2005, research has suggested that the situation of children from the very poorest families may not be improving so rapidly. The most recent research conducted by NPI and published by Joseph Rowntree in November 2007, indicates that child poverty in Wales is around a quarter lower than in the late 1990s but there has been no further progress in the last two years, the rate stalling at around 28%.⁸ As the target date by which child poverty should be halved - 2010 - gets closer, the needs of those in the most severe poverty must be addressed. Child poverty will never be eradicated once and for all unless policies focus on those in the severest poverty.

In order to explore the nature and extent of child poverty in Wales, the project team commissioned a study by the NPI of the latest data. This section summarises the definitions and measurements used in that study, whilst the next sections summarises the key findings of that and a sister study undertaken by Magadi and Middleton.⁹ A copy of the full report by NPI is available separately.

Defining and measuring severe child poverty

There is no single, widely agreed standard definition of poverty. However, most modern definitions are based on a social understanding that poverty concerns the resources people have relative to others, rather than being a simple lack of physical necessities. This approach means that poverty is defined as a 'relative state', a falling behind from the average enjoyed by the rest of society by a defined degree. The extent of the 'falling behind' that then constitutes 'poverty' is then a matter for debate. This approach is also important because it recognises that poverty encompasses a lack of a whole range of resources, including income but also other resources, which result in the exclusion of people living in poverty from ordinary living patterns, customs and activities.

In recognition of the difficulties of defining and measuring child poverty, the UK Government has adopted a 'tiered' approach. The new measure, which has also been adopted by the Welsh Assembly Government in its 2005 Child Poverty Strategy, consists of:

1. Absolute low income – to measure whether the poorest families are seeing their incomes rise in real terms.
2. Relative low income – to measure whether the poorest families are keeping pace with the growth of incomes in the economy as a whole.

⁸ Palmer, G. MacInnes, T. and Kenway, P. (2007) *Monitoring Poverty and Social Exclusion in Wales 2007*, York: Joseph Rowntree Foundation available at <http://www.jrf.org.uk/knowledge/findings/socialpolicy/2096.asp>

⁹ Magadi, M. and Middleton, S. (2007) *Severe Child Poverty in the UK*, London: Save the Children. Available at http://www.savethechildren.org.uk/en/54_2196.htm

3. Material deprivation and low income combined – to provide a wider measure of people's living standards.

The last of these measures is particularly important. Until very recently severe child poverty was measured using household income alone. Children living in households with incomes in the lowest deciles bands of household income were defined as the most severely poor. However, a study carried out in 2003 by Adelman et al.¹⁰ concluded that the best method of measuring severe child poverty was a combination of low level of household income, child deprivation and parental deprivation. The advantage of this approach is that it goes some way towards capturing the impact and experience of child poverty, by measuring the presence or otherwise of perhaps small but nevertheless significant items which are the social norm for children (such as the ability to invite friends to tea) at the same time as measuring household income. Including deprivation in the measure also has the advantage of reflecting something of the persistence of the poverty.

The income measure

There is some debate about just how far below the norm a household's income must be to be classed as being 'in poverty'. Some have suggested a threshold of 70 percent of median income, but the widely accepted definition of poverty is a household income below 60 percent of median income. Severe poverty is generally defined as a household income below 50 percent of the median.

Income poverty is measured according to the type of household, reflecting the common-sense notion that a family of several people needs a higher income than a single person in order for both households to enjoy a comparable standard of living. This process is known as 'equivalisation' and is needed in order to make sensible income comparisons between households.

Table 1 shows the thresholds at which a household is deemed to be in severe income poverty for different types of household, i.e. 50 percent of the median income for that household type. It illustrates that some households need a considerably higher income than others if they are to avoid severe income poverty (e.g. a couple household with two children aged 8 and 14 need a net household income after housing costs of more than £217 a week to be above the 50 percent of median income threshold, almost twice the sum needed by a lone parent with an 8 year old child).

¹⁰ Adelman, L., Middleton, S. and Ashworth, K. (2003). *Britain's Poorest Children: Severe and persistent poverty and social exclusion*. London: Save the Children.

Table 1: Severe income poverty thresholds after housing costs: 2005/06

Household type	Weekly income at 50% of median
Single adult, one child aged 8	£121
Single adult, two children aged 8 and 14	£186
Couple, one child aged 8	£186
Couple, two children aged under 14	£217
Couple, two children aged 8 and 14	£251

Source: NPI

The role of housing costs

Household income can be measured either before or after housing costs. If household income is measured after housing costs, the poverty threshold and the proportion of households living below it are calculated after an allowance for housing costs has been deducted. A before housing costs measure does not deduct these costs. A before housing costs measure may, therefore, mask households whose high housing costs tip them over the poverty threshold and conversely may wrongly define households with low housing costs as being in poverty. Consequently, an 'after housing cost' measure is widely regarded as a better measure of disposable household income and is used here.

Other unavoidable costs

Although housing costs can be taken into account, this method of measuring poverty does not take account of other unavoidable household costs, e.g. if a home is particularly hard to heat, or the higher living costs that are associated with having a disability. Although there is no agreed definition of the 'additional costs' of living with a disability,¹¹ it is clear that the costs of having a disabled child are about three times those of a child without a disability¹² whilst the costs of living for an adult with a disability exceeded the amount paid in benefits by more than £200 a week depending in the nature of the disability.¹³ This means that a household which includes a

¹¹ Tibble, M. (2005) *Review of existing research on the extra costs of disability*, London: Department for Work and Pensions Working Paper No 21
<http://www.dwp.gov.uk/asd/asd5/WP21.pdf>

¹² Dobson, B. and Middleton, S. (1998) *Paying to care: The cost of childhood disability*, York: Joseph Rowntree Foundation

¹³ Smith, N., Middleton, S., Ashton-Brooks, K., Cox, L. and Dobson, B. with Reith, L. (2004) *Disabled people's costs of living - more than you would think*, York: Joseph Rowntree Foundation
<http://www.jrf.org.uk/bookshop/eBooks/1859352375.pdf>

disabled person could well live in poverty even if the household income is above the poverty threshold.

The material deprivation measure

It is perhaps even more difficult to agree a standard measure of material deprivation. However, an analysis of all the studies of deprivation in the UK was able to define those goods and services which best discriminated between poor and non-poor families and which were most relevant to child poverty.¹⁴ Questions about these items were therefore incorporated into the *Family Resources Survey* from 2004/05, the data from which is used in most analyses of material deprivation.

Table 2: Necessities for adults and children

Adult Necessities	Child Necessities
A holiday away from home for at least one week a year	A family holiday away from home for at least one week a year
Friends or family around for a drink or meal at least once a month	Enough bedrooms for each child of 10 or over of a different sex to have their own bedroom
Two pairs of all weather shoes for all adults in the benefit unit	Leisure equipment such as sports equipment or a bicycle
Enough money to keep your home in a decent state of decoration	Celebrations on special occasions such as birthdays, Christmas or other religious festivals
Household content insurance	Go swimming at least once a month
Have a hobby or leisure activity	Do a hobby or leisure activity
Replace any worn out furniture	Have friends around for tea or snacks at least once a fortnight
Replace or repair electrical goods such as refrigerator or washing machine when broken	Go to toddler group/ nursery/ playgroup at least once a week (for children under six not attending primary or private school) OR Go on school trips (for those over six, or under six and attending primary or private school)
Have a small amount of money to spend each week on yourself (not your family)	
Make regular savings of £10 a month or more for rainy days or retirement	

Source: Magadi, M. and Middleton, S. (2007) *Severe Child Poverty in the UK*, London: Save the Children.

¹⁴ McKay, S. and Collard, S. (2004) 'Developing Family Resources Survey Questions', DWP working paper number 13, cited in Magadi, M. and Middleton, S. (2007), op. cit.

Whether a household lacks one or more of the necessities identified in the *Family Resources Survey* is thus an indicator of at least some degree of material deprivation, although there a number of different ways of measuring this lack. After testing a number of different approaches, a study commissioned by Save the Children concluded that the best method of measuring material deprivation associated with child poverty was whether a household was unable to afford two or more child-related or adult-related necessities¹⁵. The measure that is therefore used in this and in other studies of severe child poverty is that a household:

- has an income that is below 50 percent of the median for that household type; and
- a child in the household lacks two or more necessities and an adult lacks at least one (or vice versa).

The data

The data analysis we planned as a means of identifying more information on the circumstances of children living in severe child poverty in Wales proved to be problematic. Unlike Scotland and the North of Ireland which have boosted samples in the UK Government's *Family Resource Survey (FRS)*, the size of the sample of Welsh households in this UK-wide annual survey precluded Wales specific analysis at this level of detail.

Our study therefore relied on a combination of the following secondary data analyses:

- a) Wales data in the *FRS*: NPI conducted an analysis using the average of the last three years of the *FRS* and the derived dataset, *Households Below Average Income*, namely 2003/04 to 2005/06. In total, across these three surveys, there are 220 cases of households in Wales with children below 50% of median income. This is not a very large sample, so the results should be treated with caution. Data on material deprivation is only available (so far) for 2004/05 and 2005/06. Across these two years, there are just 90 cases of households with children in Wales living in severe poverty.
- b) UK-level data in the *FRS*: An analysis of severe child poverty using the mixed income and deprivation measure undertaken by Magadi and Middleton in 2006.

We regard the small size of the Wales sample in the *FRS* as a major hurdle to helping us to understand how we can best tackle severe child poverty in Wales and therefore to achieving the target of eliminating child poverty. We urge the Welsh Assembly Government to commission a boosting of the Wales' *FRS* sample size in line with that enjoyed by the North of Ireland as a matter of urgency.

¹⁵ Magadi, M. and Middleton, S. (2007) *Severe Child Poverty in the UK*, London: Save the Children.

3. Severe child poverty in Wales

It is estimated that approximately 13% of children in Wales live in severe poverty (around 90,000 children)¹⁶. These children live in households with income below 50% of the median **and** went without two or more goods or services because the family could not afford them. The most common things for children to go without were not physical items, such as sports equipment, but occasions, such as school trips, holidays or inviting friends round for tea. There were no instances of a child going without something when adults were not also going without.

A slightly higher percentage, 19 percent (approximately 130,000 children) lived in households whose income was below the 50 percent median for a household of that type but did not report lacking any material goods or services.

Wales in context

In 2005/06, the proportion of children in Wales living in poverty was similar to the rest of the UK. Between 25% and 30% of all children live in households with below 60% of median income, a figure very close to the UK average. Around 20% of children in Wales live in households below 50% of median income, the same as the UK average. Between 10% and 15% of children in Wales live in a household whose income is below 50% of median income and cannot afford at least two of the necessities listed in Table 2 (page 14).

Characteristics of households in severe poverty

The study by Magadi and Middleton shows that at the UK level a number of household characteristics are strongly associated with severe child poverty. They found that children living in severe poverty are highly likely to live in households where no adult is working, in lone parent households, and in households where there is a disabled adult present. Children in severe poverty are more likely to live in households with these characteristics than children in 'standard' poverty (where their household income is below 60 percent median), and much more likely to do so than children who are not in poverty. Annex 1 shows the proportion of children in severe poverty, standard poverty and who are not poor, who live in households with various characteristics.

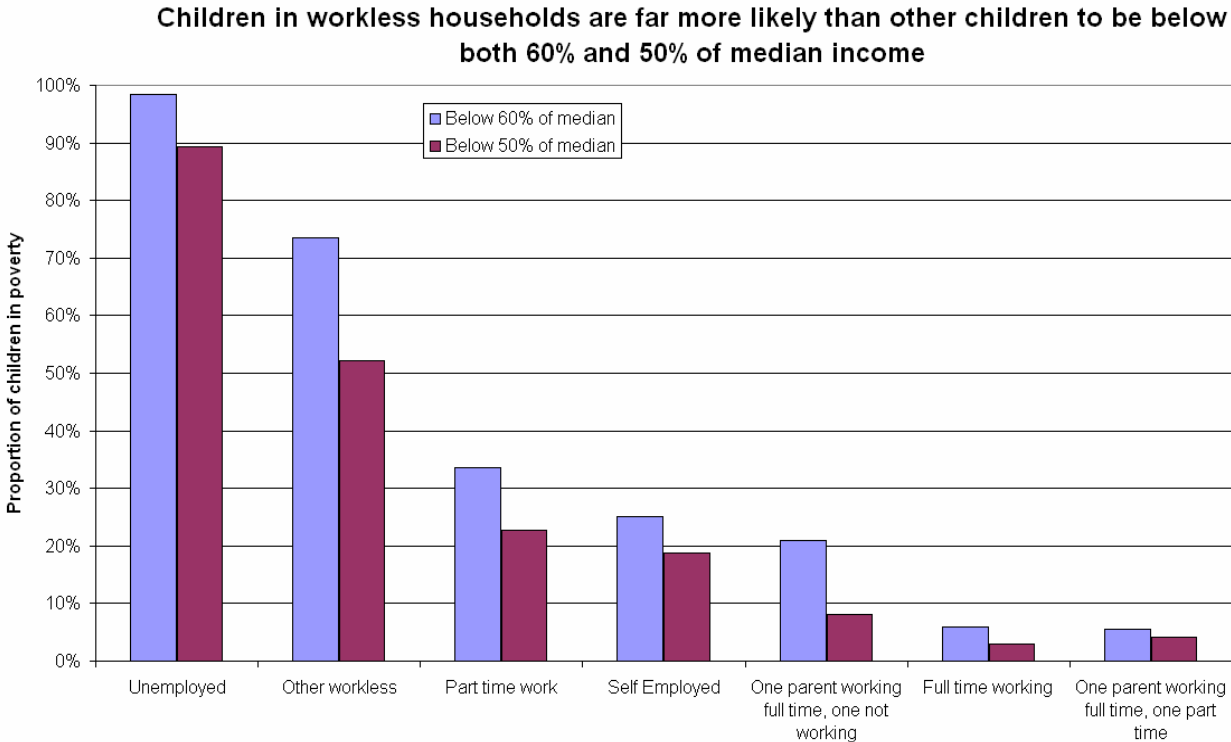
The rest of this section explores the three key characteristics in more detail.

Work status

Work status is fundamental to the likelihood of households living in severe poverty. What is clear from the graph overleaf is that the more work a household does, the lower the risk of an income below 50 percent of the median for that household type.

¹⁶ Magadi, M. and Middleton, S. (2007) *Severe Child Poverty in the UK*, London: Save the Children. Available at http://www.savethechildren.org.uk/en/54_2196.htm

Figure 1: Children in poverty by work status



At UK level, the majority (62%) of children in severe poverty have workless parents, compared to only 5 percent of children not in poverty. The Magadi and Middleton study found that families in receipt of means-tested benefits (Job Seekers Allowance, Income Support and Working Tax Credit) are at particular risk of severe poverty. These families also had low levels of educational attainment, which suggests that there may be issues about the household’s ability to submit and progress a claim.

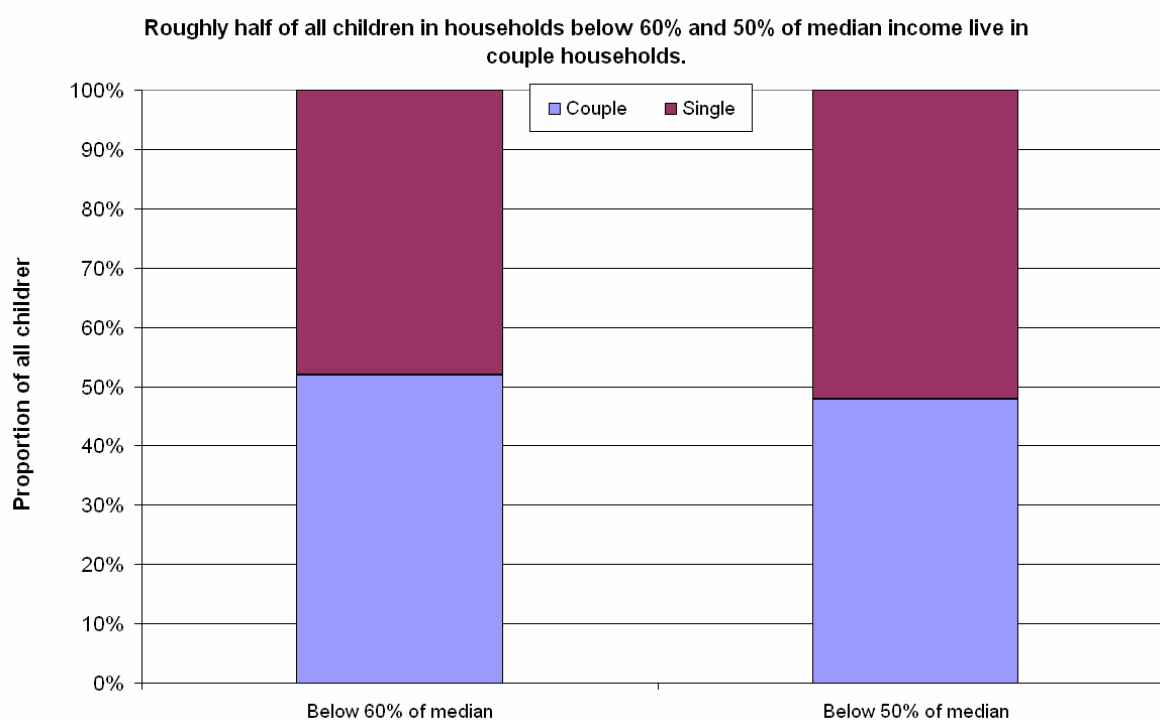
There is a similar position for children in Wales living in severe income poverty, where around 90% of children living in households where the head of household is unemployed had incomes below 50 percent of the median. The position is slightly better for children who live in households which are workless but not unemployed (for instance, where the head is claiming Incapacity Benefit): half of children in this type of household have incomes less than 50 percent of the median.

However, it is important to note that having paid work does not guarantee that a household will escape severe poverty. Although in theory families in which adults do at least 16 hours of work should be able to avoid severe poverty (if not avoid ‘standard’ poverty), it is clear that some do not. About 20 percent of children in severe poverty live in households in Wales where adults work only part time, and about 10 percent live in couple households where one adult works and another does not work. It may be that they live in severe poverty because of lack of help with mortgage costs or because in-work benefits e.g. Working Tax Credit are not claimed.

Household type

The UK data on severe poverty shows that living in a lone parent family is strongly associated with severe poverty. Magadi and Middleton found that 48 percent of children in severe poverty were living in lone parent families compared with 15 percent of children not in poverty. In Wales, there is a similarly strong correlation between lone parenthood and severe income poverty. Almost half of children living in households with less than 50 percent median income live in single adult households. Figure 2 shows this pattern clearly.¹⁷

Figure 2: The proportion of all children in poverty by household type



Magadi and Middleton conclude, however, that the association between lone parenthood and severe poverty is driven by the low rate of employment among these households. The NPI study elaborates this point for children in households in severe income poverty. The majority of children in poor single adult households live in households where the adult does not work. Given that households which are not working are more likely to have incomes below the 50 percent of median figure one would expect this greater concentration of worklessness among those with the lowest incomes.

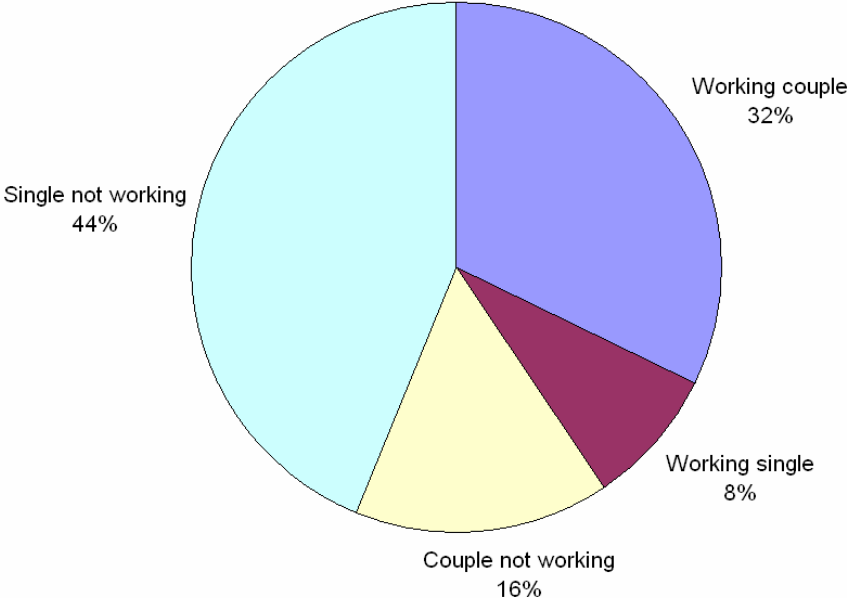
The balance is different for children in couple households with incomes below the 50 percent median. Around 60% of children in these households did not have an adult in work. We would expect children in workless couple households to have incomes below 50 percent of the median given the estimates of benefit income illustrated in

¹⁷ Given the low sample sizes mentioned already, only working age households are included in the analysis below, essentially excluding children who live with their grandparents (a very small number).

Annex 2. However around two thirds of children in couple households with incomes below 50 percent of the median lived in households where at least one adult worked – some 40,000 children. This is more surprising as households where both adults work at least 16 hours a week each should not, in theory, have such low incomes. This figure is probably a consequence of the fact that any household paying a mortgage would be worse off than implied by the table in Annex 1. In fact, over half of the children living in couple households defined as “some working” were living in owner-occupied properties. Not only does this mean that the household is ineligible for Housing Benefit, but housing costs are often higher for owner occupiers than renters in any case, and this increases the risk of having a household income below 50 percent of median income.

Figure 3: Children below 50 percent median income by household type and work status

Most children in couples in households below 50% of median income live in households where at least one of the adults works. Most children in single adult households below 50% of median income live in workless households



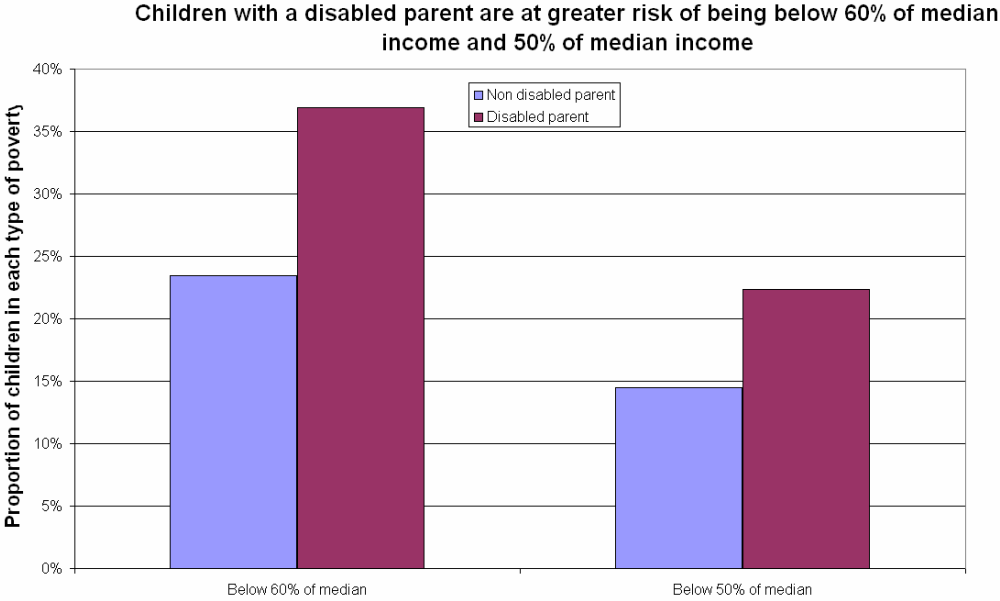
Parental disability

At UK level, the presence of disabled adults is strongly associated with severe child poverty. About one third (33%) of children in severe poverty were in families where there were disabled adults, compared to 18 percent of children not in poverty. These figures do not take account of the additional costs associated with living with a disability.

Research shows that disabled people experience extra costs in most areas of everyday life, ranging from major expenditure on essential equipment to routine additional bills for food, clothing, fuel, transport and leisure activities.¹⁸

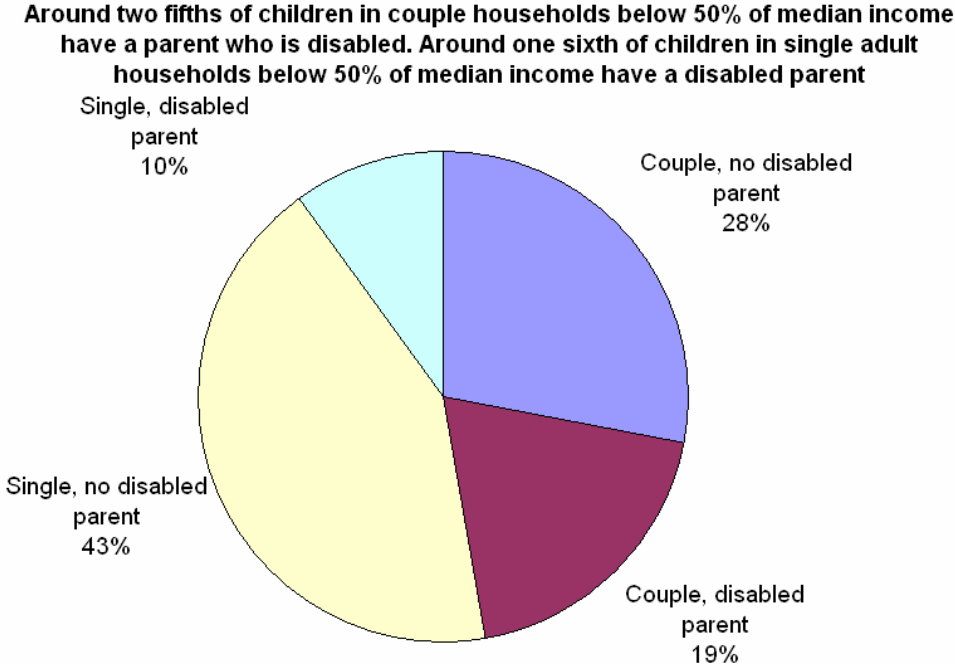
¹⁸ Smith, N. Middleton, S. Ashton-Brooks, K. Cox, L. and Dobson, B. with Reith, L. (2004) op. cit.

Figure 4: Proportion of children in Wales in poverty by disability of parent



In Wales, having a disabled parent increases the risk of having an income below 50 percent of median income. Around 25% of children with disabled parents in Wales are in severe income poverty compared to 15% without a disabled parent. Figure 5 shows the number of children in Wales in households below 50 percent median income by their family type and the disability status of the parents.

Figure 5: Breakdown of children in Wales in poverty by number of adults in the household and disability of parent



Amongst households with incomes below 50 percent of the median, a larger proportion of children in couple households have a disabled parent than children in single adult households.

This association between severe income poverty and disability is not surprising, given that people with a disability are much less likely to be in employment than people without a disability. In Wales for the year ending 31st March 2007 just 42 percent of people with a disability were in employment.

Other factors

The Magadi and Middleton study also identified further significant links between severe child poverty and household characteristics at UK level as follows. Because of the small sample size for Wales in the *FRS* survey, there is no equivalent reliable data for Wales.

- Living in a large family is strongly associated with severe poverty. Twenty one percent of UK children in severe poverty were in families with four or more children, compared to only 6% of children not in poverty.
- There is a strong association between ethnic background and severe child poverty. Although the majority of children in severe poverty are of White British ethnic origin (74%), a disproportionate share of those in severe poverty (15%) are of Asian/Asian British origin even though only 6% of all children in the UK are of Asian/Asian British origin (possibly because of the lower economic activity rate of Asian women). The proportion of children in Wales of Asian/Asian British origin is lower than the UK figure.
- There is a strong association between parents' educational attainment and severe child poverty. A considerably higher proportion of mothers of children in severe poverty had no qualification (44 %), compared to mothers of children in non-severe poverty (31%) or not in poverty (11%).

Conclusions

These findings are central to developing policy options for tackling severe poverty in Wales and point to some of the key issues that need to be addressed in any strategy.

First, they demonstrate clearly that lack of paid work is a very strong contributory factor to severe child poverty. Unemployment, and hence reliance on means tested benefits, seems to be particularly strongly associated with severe poverty although all forms of worklessness make it more likely than not that a child will live in severe poverty. Improving parents' access to paid work is thus likely to be crucial to any child poverty strategy.

Second, and equally importantly, the findings show that having paid work does not guarantee that a family will escape severe poverty. Although the more work a household does the lower the likelihood of severe poverty, a proportion of children in severe poverty live in households where at least one adult is working. This finding suggests there may be some important issues about the number of hours of work

that a household does, the impact of high housing costs and awareness of and ability to progress claims for in-work benefits, that need to be taken into account.

Third, there is a strong association between severe poverty and disability of the parent. Indeed severe poverty is likely to be even more extensive than the data suggests because of the additional costs of living with a disability. It is likely that lack of paid work is also relevant here. Some people with a disability may be able to work but others may not – how to provide a decent standard of living for people who cannot work is a fundamental question.

Fourth, the links between different household characteristics and severe poverty appear to be complex. Amongst families in severe poverty there appears to be a considerable concentration of overlapping characteristics that may make it especially difficult for such families to leave poverty.

Finally, one of the issues that the New Ideas project has highlighted is the need to increase the size of the Wales' sample in the UK-wide *Family Resource Survey* sample to enable proper measurement and more robust analysis of the incidence of severe child poverty in Wales. This is done in Scotland and the North of Ireland and it is hard to see why the sample cannot be boosted in Wales. It will continue to be difficult to plan and resource effective policies and action to tackle severe child poverty without better information on the circumstances of low income families in Wales. This has serious implications; arguably without specific policies to target those living in the severest and most persistent poverty, government targets to eradicate child poverty will not be met.

4. Current policies

Responsibility for tackling child poverty is shared between the UK government and Welsh Assembly Government. Both share the same target of halving child poverty by 2010 and eradicating it by 2020. The Welsh Assembly Government produced a child poverty strategy in 2005,¹⁹ setting out how it intended to achieve this target, building on earlier commitments to provide free swimming for children in the school holidays and free breakfasts in primary schools.

The child poverty strategy built on a set of core values in line with the United Nations Convention on the Rights of the Child. It included key action in policy areas where the Assembly Government has devolved responsibility, or else can contribute to the achievement of non-devolved functions. The subjects covered included:

- encouraging access to employment
- financial inclusion
- tax and benefits
- grants for further and higher education
- leisure and social activity
- anti-discrimination and bullying
- listening to young voices
- tackling service poverty
- the school curriculum.

The Assembly Government subsequently produced an implementation plan to deliver the child poverty strategy,²⁰ published in 2006, which was accompanied by a set of targets and milestones to measure progress on tackling child poverty in the devolved policy fields of housing, health, education and childcare as well as in employment and household income.

The implementation plan included additional, cross-cutting policy proposals in line with the need to tackle child poverty in the mainstream as well as with targeted initiatives. The intention is to ensure that resources across government are directed towards the needs of the poorest children. All policy was to be 'proofed' as it developed to promote anti-poverty solutions and mitigate negative impacts on child poverty, even in policy areas not traditionally associated with children such as transport and economic development. Programme-bending was favoured, whereby mainstream government programmes were to be 'bent' to address child poverty. This follows the approach within the Welsh Assembly Government's flagship anti-poverty programme *Communities First*.

¹⁹ Welsh Assembly Government (2005) *A Fair Future for our Children*, Cardiff: Welsh Assembly Government

²⁰ Welsh Assembly Government (2006) Child Poverty Implementation Plan Phase 1, available at <http://newydd.cymru.gov.uk/dsjlg/publications/childrenyoung/implementplanphase1/report?lang=en>

The Assembly Government's child poverty implementation plan also includes proposals to work more closely with local government. The Assembly Government are now funding a corporate local authority pilot scheme working with the Save the Children, the Welsh Local Government Association and other members of the End Child Poverty Network Cymru.

The more recent 'One Wales' programme of government reaffirms the goal of halving child poverty by 2010 and eradicating it by 2020. It includes some new proposed actions including:

- a Children's Bond for all children entering school
- a duty on public agencies to demonstrate their contribution to ending child poverty
- access to a credit union for pupils in every secondary school in Wales by 2011, and credit unions taking deposits of Child Trust Fund accounts.

The Welsh Assembly Government are also pursuing a Legislative Competence Order (LCO) under the new Government of Wales Act, which they are suggesting could give the National Assembly powers to require local authorities to do more to tackle child poverty, in particular to proof all policies against their impacts on child poverty. It is expected that this LCO will be considered by both Houses of Parliament early in 2008.

In addition, the new Welsh Assembly Government is establishing an expert group, to be chaired by Huw Lewis AM, which will provide evidence based and expert advice; challenging and feeding back to the Assembly Government on progress towards its cross-cutting child poverty targets.

Although the Assembly Government's actions to tackle child poverty are laudable in many ways, none of the recent or proposed policies to tackle child poverty in Wales specifically focus on tackling severe child poverty. Yet it is children in the most severe poverty, as outlined earlier, who are at greatest risk from the impact of poverty and are hardest to reach.

This New Ideas project argues that if the Welsh Assembly Government is to meet its ambitious but welcome targets to halve child poverty by 2010 and eradicate it by 2020 then it must tailor some specific policies to tackle the specific barriers and issues facing those children and families living in the most severe and persistent poverty.

5. Promising approaches

The project team commissioned a literature review of successful interventions to tackle severe child poverty in other parts of the UK, the USA and Europe, in other words, 'what works' elsewhere in tackling the particular barriers faced by households with dependent children, living in the most severe child poverty. Copies of this review are available separately on request. What the review identified were four key themes reflected in the most effective strategies for tackling severe child poverty.

The most obvious, perhaps, are strategies to increase family incomes from whatever source, e.g. by increasing income transfers to families with children through the tax and benefit system. Although such transfers are very important, as mostly non-devolved matters they are not within the direct control of the Welsh Assembly Government but there are, however, some taxes and benefits that are in the Assembly Government's remit as well as others in which it may play a role. There are also other potential ways for devolved and local governments to increase household resources that should be explored.

The second area of successful intervention was improving access to paid work (for those who can). The literature review identified a range of different approaches to 'welfare to work' in the UK and abroad, as well as highlighting the changes that are taking place at present. Again, this area is mostly not devolved but there is potential for the Assembly Government and others to support families' entry into the labour force.

The third area identified in the literature is learning and skills, not so much as an area in which intervention has been successful but as the key mechanism through which disadvantage is perpetuated through generations. Numerous commentators point out the way in which poverty is transmitted from parent to child and reinforced through the education system.

And finally, we identified that the effective delivery of public services to those most in need and the hardest to reach is essential to tackling severe child poverty, including health services, housing, leisure and social services. Families in poverty are likely to be more dependent on public services but the quality of services is likely to be poorer. It is neither desirable nor feasible always to provide 'special' services to address child poverty; rather mainstream services need to be adapted (or bent) to ensure they tackle the problems faced by families facing multiple disadvantage.

For ease of reading the rationale for including each of these areas is included in the following section along with further details about current policies.

To explore the implications of the statistical analysis outlined in section 3 of this report and the possible approaches identified, the project team convened a half day seminar to which leading experts in the field were invited to contribute their views and expertise, on a 'Chatham House rule' basis. The seminar began with an introduction to the project, a summary of the key points emerging from the data analysis, and 'directions' emerging from the literature review. Participants then broke into four separate working groups, each covering one of the themes identified in the literature

review, of between 6 and 8 people each (although the participants in the working groups on income maximisation and helping people into jobs agreed to combine their efforts). The discussions were tape-recorded as an aide memoire and in addition notes taken of the key points, which were then reported back to a brief plenary session. The seminar was very productive and generated a considerable number of new ideas and proposals to enhance existing ideas. Inevitably all of these ideas will need considerable further development, refinement and piloting if they are to be implemented but nevertheless they offer a potentially fruitful way forward.

5.1 Overarching principles

A number of dilemmas emerged from the discussions which arise not only in the course of tackling child poverty but in other policy areas as well. These dilemmas need further debate and deliberation.

First, the participants identified a strong need for better co-ordination of policy and action. They highlighted the policy gaps that could and indeed had emerged between Whitehall and Assembly Government policy (e.g. on childcare) and the risks that those gaps posed to children in severe poverty. Equally importantly, participants highlighted the need to join up policies within the Welsh Assembly Government (e.g. between education and social justice) and also to ensure effective liaison between the Assembly Government and local government. Whilst 'joined up' government is a siren call in almost all subjects these days, it is particularly important in tackling child poverty because of the complexity of the issue and because those most affected – children themselves – are least able to challenge contradictions and poor delivery.

The second dilemma was about universal provision versus targeting. Seminar participants called for more effective targeting of policies and delivery on children in severe poverty. It was acknowledged that although universal provision of a free service for all children may be welcome because it reduces the stigma of being poor, it may, on the other hand, be very costly and effectively divert resources from other services without particularly benefitting Wales' poorest children. Participants were concerned that geographical targeting is not always the most effective, and pointed out that 40 percent of children in poverty live outside areas targeted by Communities First, for example.

The third dilemma concerned local variation between different parts of Wales. On the one hand, participants were very mindful of the need for local priorities to meet local needs and the many benefits that local determination of services could bring. On the other hand, they remained to be convinced that there was any meaningful rationale for, for example, the substantial differences in the speed with which new Housing Benefit claims are administered across Wales, or similar variations in the availability of school uniform grant and the provision of school nursing services. One suggestion was that the 'service standards' proposed in the Welsh Assembly Government's recent statement on local government services²¹ should include

²¹ Welsh Assembly Government (2007) *A Shared Responsibility: Local Government's contribution to improving people's lives, A Policy Statement from the Welsh Assembly Government*, Cardiff, Welsh Assembly Government available from

specific reference to key local services of relevance to children living in severe poverty.

5.2 Maximising household income

Whether a family's income is derived from earnings or benefits or a combination of the two, the literature review identified the importance of income maximisation policies for the households of the poorest children. In families where parents are in work, incomes can be maximised by raising the earnings of family members, e.g. through raising the level of the National Minimum Wage and ensuring it is enforced. Incomes can also be increased through various 'cash transfers' i.e. the benefits and credits that can be paid to families both in and out of work.

The question of the level of various out of work benefits (such as Incapacity Benefit, Job Seekers Allowance etc) and in work credits (notably Working Tax Credits) as well as how they are administered are matters for the UK Government. Possible changes to the level and administration of these benefits are therefore outside the remit of this study. Similarly, the level of the National Minimum Wage and its enforcement are non-devolved matters.

Nevertheless, there are a number of steps that the Welsh Assembly Government could take in order to help increase families' incomes. The income maximisation policies particularly highlighted as worthy of further consideration include the following:

Increasing take-up of in-work benefits

In 2003 the Working Tax Credit and Child Tax Credit superceded Working Families Tax Credit, which in turn had replaced Family Credit. Tax credits are designed to lift families with parents in low wage employment over the poverty threshold. However, despite this, at least one parent is working in 38% of families living in severe poverty in the UK. The Bevan Foundation and NPI report on in-work poverty in Wales²² indicates that in-work poverty is still a significant issue in Wales. They found, for example, that over a quarter of the Welsh workforce is low paid (earning less than £6.50 per hour).

Our literature review identifies that the take up of available cash transfers varies by household structure, geographical area, knowledge of benefits and 'perceived' benefit to the claimant, and suggests that improving awareness, knowledge and reducing 'transaction costs' can potentially improve take up rates.

<http://wales.gov.uk/topics/localgovernment/publications/sharedresponsibility/?lang=en>

²² Kenway, P. & Winckler, V. (2006) *Dreaming of £250 a week: a scoping study of in-work poverty in Wales Policy Paper 10*. Tredegar: Bevan Foundation.

Options for consideration include:

- Raising awareness of Working Tax Credit through a public information campaign targeted at parents including:
 - provision of information via health visitors and GP surgeries
 - provision of information via nurseries, schools and play-groups
 - provision of information via public sector pay packets
 - provision of information to recipients of Housing Benefit and Council Tax Benefit, or families entitled to free school meals.
- Provision of personal support for Working Tax Credit applicants through:
 - longer term support from personal advisers for parents finding work via Job Centres/New Deal programmes
 - ensuring that there is a network of properly resourced welfare rights and money advice throughout Wales through a combination of welfare rights units and Citizen's Advice Bureaux.

Advice and support to reduce debt burden

Over-indebtedness does not only impact on those in severe poverty, but it has its most severe consequences for this group. Whilst the regulation of lending is a non-devolved matter, there may be action that the Welsh Assembly Government could take to reduce the burden of over-indebtedness.

Options include:

- improving money advice services available to parents especially credit union 'reach'
- tackling illegal lending
- consideration of ways in which the impact of a families' debt burden can be diminished if they move from benefits to employment (e.g. writing off debts)
- adopting a charter on debt collection.

Improved administration of Housing Benefit²³

The administration of Housing Benefit (a Key Performance Indicator under the Wales Improvement Plan) varies hugely across the 22 local authorities in Wales. This benefit often works as a safety net for families in periods of transition (e.g. in and out of employment), yet statistics show that there are significant variations within Wales in the speed with which local authorities process claims; ranging from 55.66 days to process a new claim in Rhondda Cynon Taf to just under 24 days in Blaenau Gwent.²⁴ Improvements to the administration of Housing Benefit, including the time it

²³ Housing Benefit is due to be replaced by Local Housing Allowance for private tenants in April 2008.

²⁴ Local Government Data Unit Key Performance Indicators 2005-06
<http://dissemination.dataunitwales.gov.uk/webview/index.jsp>

takes to process new claims, would greatly assist families with children in the severest poverty, and this may be an area in which the Welsh Assembly Government could consider how best to drive up local performance.

Options include:

- Pressing for dramatic improvements in the administration of Housing Benefit (and council tax benefit) by local authorities so that new applicants and those changing circumstances are helped rather than penalised. The experience of a DWP/HM Revenue and Customs pilot / local authority Joint Working Initiative currently being piloted in Merthyr Tydfil will have important lessons here.²⁵
- The 4 week period of 'roll off' from Housing Benefit when people move from benefits to full time employment should apply to moves to any form of employment (not just full time) and operate for a longer period.
- There is scope for increasing housing and council tax benefits paid to households with children.

Reducing household costs

Poor families pay a premium for a number of basic services, including gas and electricity, banking and credit. The additional costs of, for example, pre-payment meters, door-step loans, fee-charging cash machine withdrawals, pay-as-you go phones etc are estimated to amount to about £1,000 a year. This is about 9 percent of the disposable income of an average sized family.²⁶ It is arguably easier to achieve a 9 percent increase in a family's income by eliminating the poverty premium than to increase benefits or pay.

In addition, poor families may be unable to take-up apparently local services or activities which are available free of charge, e.g. free swimming, because of the costs associated with accessing them.

Options include:

- Better targeting and administration of the Home Energy Efficiency Scheme, so that it targets fuel poverty, including for example help for people living in atypical and energy inefficient housing.
- Providing free public transport for children.
- Provision of school mid-day meals at no charge for all children, paralleling the current pilot scheme in Scotland. This would ensure good nutrition for all

²⁵ Department for Work and Pensions, *Housing Benefit and Council Tax Benefit General Information Bulletin, HB/CTB G14/2007* 7 September 2007 downloaded from <http://www.dwp.gov.uk/housingbenefit/news/newsletter/bulletins/2007/g14-2007.pdf>

²⁶ Save the Children / Family Welfare Association (2007) *The Poverty Premium: how poor households pay more for essential goods and services*, London: SCF / FWA.

children and end the stigma of free meals.

- Extension of the school uniform grant to include:
 - grants towards purchase of uniform on an annual basis as the child grows (not just on entry to year 7)
 - grants towards the purchase of primary school uniforms
 - improved administration of the grant including payment *prior* to the start of the school term
 - improved promotion and publicity for the grant.
- Eligibility for benefits which are means-tested (e.g. home insulation, school uniform grants, free school meals) should be:
 - consistent across schemes
 - based on a transparent assessment of the 'poverty threshold' (e.g. 75 percent of median income).
- Explore the potential with energy providers to reduce the 'poverty premium' paid by low income households.

The group also touched on (but did not explore further) the potential to streamline the benefit system more generally, and the question of a 'family income guarantee', which would 'top up' a family's income to the poverty threshold, eliminating child income poverty at a stroke. There is scope for the Assembly Government to explore issues such as a single application process for employment-related benefits and Housing Benefit (as is currently being piloted in Merthyr Tydfil), and to establish common eligibility criteria and proof required to access means-tested benefits (e.g. of evidence of income). The question of entitlement to a benefit check is also crucial. Such a check should be available to all households across Wales, easily and free of charge.

5.3 Routes to employment

As demonstrated in section 3, the association between severe child poverty and worklessness is extremely strong. Two thirds of children whose parent or parents do not work live in severe poverty. Helping those parents who can work to find and keep a job is therefore absolutely central to reducing the incidence of severe child poverty.

Help to return to work²⁷

Current programmes run by the Department for Work and Pensions (DWP) to help people into work are based on the circumstances of the benefit claimant, reflecting their age (e.g. New Deal for 25 plus), household structure (e.g. New Deal for Lone Parents) or benefit status (e.g. Pathways to Work for claimants of Incapacity Benefit (and other 'inactive' benefits) in certain areas).

²⁷ The term 'return to work' includes finding work for adults who may never have worked.

The programmes do not take account of the incidence of poverty in the client's household nor, unless the client is claiming Job Seekers' Allowance, is participation in the programmes compulsory. In other words, there is no requirement for lone parents and couple parents who are unable to work because of ill-health actively to seek work; they can continue to be out-of-work and living in severe poverty.

These arrangements are likely to change in the future following the publication of the UK Government's Welfare Reform Green Paper,²⁸ with changes likely to include a requirement for lone parents on benefit actively to seek work once their youngest child is aged 12 in October 2008 (and 7 from 2010). The requirement to find work would be reinforced by sanctions e.g. withholding benefit.

Whilst the emphasis on the importance of work as the main route out of poverty was generally welcomed in our discussions, there was considerable concern that there is insufficient provision of childcare to support parents taking up employment (including care during school holidays and for those working a-typical hours) It was strongly felt that children should not be penalised by loss of benefit if parents do not comply with conditions associated with its receipt, and that the pressure on parents (especially lone parents) to engage in paid work should not be such that parents no longer had time to parent effectively. It cannot be stressed too strongly that it would be a major policy failure if measures to tackle child poverty by encouraging more parents into work resulted in poorer parental support for those children.

There were a number of ways in which it was felt that support for parents to return to work could be developed further, including:

- allowing households at risk of severe poverty whilst in receipt of benefit (effectively all households with children) immediate access to help finding work or training
- changing the specification of welfare to work programmes so that they support employment which is sustainable and recognise parents' needs by:
 - providing support to a client's whole family and not just the client him or herself
 - providing support for longer period in which to prepare parents to return to work e.g. to build their confidence and self esteem after years of child-caring and living in severe poverty
 - allowing a longer period in which to place parents in employment, e.g. to find work that dovetails with parenting responsibilities
 - providing support to parents once they have found work for more than the current 13 weeks, e.g. when there are challenges of combining work and parenting such as when a child is ill or during school holidays.

²⁸ Department for Work and Pensions (2007) *Ready for Work: full employment in our generation*, Cm 7290, London: HMSO

- increasing the proportion of personal advisers with expertise to assist clients with a disability and in particular a history of mental ill-health or substance misuse.
- providing 'stepping stones' to work, which would encourage parents to work for the number of hours appropriate to their needs, if they are not be able to work the 16 hours minimum needed to switch from living on benefits to living on earnings and tax credits (e.g. because of ill-health)
- DWP should liaise with the Welsh Assembly Government to ensure that its Deprived Areas Fund (which provides welfare to work support in targeted wards) focuses on child poverty and links with *Communities First*.

Responsibility for the specification of mainstream welfare to work programmes rests with DWP, but the Welsh Assembly Government and local authorities have the ability to complement and supplement DWP initiatives (e.g. *Want2Work*) with their own programmes or enhancements to DWP programmes.

Childcare

The Welsh Assembly Government has actively promoted greater provision of childcare and local authorities are soon to have a statutory duty to ensure the provision of sufficient childcare. *Flying Start* offers free childcare to 2 year olds living in disadvantaged areas, but the care is part-time and may not fit in with working arrangements (see page 39 for more information on *Flying Start*).

Lack of childcare was considered by those at the seminar to be a major barrier to participation in work. Not only does there appear to be a shortage of childcare places, particularly outside the main urban centres of Wales, but there was also felt to be a shortage of childcare to meet particular needs including :

- childcare that is flexible enough to meet the needs of parents with atypical working patterns
- childcare before/after school and in school holidays
- childcare for children with disabilities.

The shortage of suitable and affordable childcare impacts particularly hard on parents returning to work as they may not have had experience of finding suitable childcare and are likely to be going into entry-level jobs with relatively low pay.

Most authorities are currently undertaking childcare sufficiency surveys, in which the adequacy of current provision will be assessed, and authorities are required to make plans to ensure that needs are met.

Options for improving childcare for parents returning to work include:

- enhancing the role of schools to include suitable childcare for pre-nursery age (creches) and more widespread after school care
- encouraging large, public sector employers to provide childcare for all their staff (not just managers and professionals) including childcare that matches working patterns
- extension of 'mobile creches'
- helping parents to establish 'social circles' with other parents to provide mutual support
- encouraging grandparents and other family carers to register as childminders so enhancing the quality and amount of child care available, while also enabling working parents to claim childcare costs via Working Tax Credit
- effective branding and marketing of the childcare; information service and stronger links with employment providers.

The group discussing this issue also identified the vital importance of good public transport to getting people into employment but time did not permit the discussion of possible options.²⁹

5.4 Education to transform life chances

Child poverty and education are inextricably linked. Children's educational prospects reflect the disadvantages of their families, with poor children being less likely to gain good qualifications at school. Moreover, there is overwhelming evidence³⁰ that education has a strong influence on the probability of a child's future employment and earnings. Improving the educational attainment of children is thus a key way in which the cycle of poverty can be broken in the medium to long term.

²⁹ See for example Winckler, V. (2007) *Accessibility for all: transport and social inclusion in Wales*. Tredegar: Bevan Foundation.

³⁰ Machin, S. and McNall, S. (2006), *Education and child poverty - A literature review*, Joseph Rowntree Foundation: <http://www.jrf.org.uk/bookshop/eBooks/9781859354773.pdf> 2006

Education and Disadvantage in Wales

Key Facts

- The proportion of 11 year olds in schools with over a third of pupils receiving free school meals, who do not achieve level 4 at Key Stage 2 in Maths, English and Welsh has reduced considerably since 1997. However, because this reduction has been matched by similar reduction in less deprived schools, the failure rate within deprived schools remains significantly higher than average.
- Similarly the proportion of students in schools with over a third of pupils receiving free school meals, who do not achieve five or more good GCSEs has reduced considerably since 1997, falling from 59% in 1994-5 to 49% in 2003-4. However, as with attainment at 11, this remains significantly higher than the average. Moreover, while the gap narrowed between deprived schools and the average narrowed between 1997 and 2000, it has remained relatively stable since.
- At a UK level although pupils in Wales do better than English regions at age 11, the proportion of pupils getting fewer than five GCSEs remains higher in Wales than in England, primarily because a stubbornly high proportion of pupils (7.5%) still get no GCSEs.

Although the Welsh Assembly Government's child poverty strategy identified a number of steps needed in the field of education, the subsequent implementation plan did not include any actions. At our seminar, it was generally considered that although the Assembly Government's early years and education policies were well-intentioned and derived from a strong evidence base of 'what works', it was impossible to say (as yet) whether they were contributing to reducing child poverty on the ground.

A key conclusion of the experts' discussion was, therefore, that action on education should:

- Be a central part of a new child poverty action plan, which should include meaningful and measurable targets and milestones.³¹ There was a consensus on the need for a 'real push' on education and learning.
- Be seen as a responsibility that is shared by different people or agencies e.g. parents, youth work, and social services, and is not the sole responsibility of schools. Youth activities in particular have potential to provide alternative learning environments for children,³² and could be prioritised in *Communities Next*.

³¹ Although the Assembly policy statement *A Learning Country 2* includes specific targets these were not explicitly linked to tackling child poverty.

³² Just 14% of a child's learning takes place in schools according to Donald Hirsch (2007) *Experiences of Poverty and Educational Disadvantage*, York: Joseph Rowntree Foundation
<http://www.jrf.org.uk/knowledge/findings/socialpolicy/2123.asp>

The potential for genuinely-joined up approaches through the new single plan for children and young people was welcomed. This could include common targets amongst key statutory agencies to improve the attainment of children from disadvantaged backgrounds.

In the longer term, there was a view that schools need to change radically, being more flexible, responsive, and more attuned to the needs of all individual children (not just the more academically inclined) as well as to the needs of society. Our participants felt strongly that schools should have socially mixed catchments, although they recognised that ‘parental choice’ policies can make this difficult.

There is an urgent need for detailed examination of the factors influencing the progress of children in school and in learning and what approaches might work in Wales to improve the educational attainment of children aged 4-18 from low-income families. We recommend this be the subject of a future New Ideas Project – in its own right – given the depth and breadth of inquiry. Meanwhile we draw on a recent study for the Child Poverty Action Group (CPAG)³³ which highlighted different aspects³⁴ of the gap in education for children in poverty and a scoping report prepared by the People in Work Unit for Save the Children³⁵.

Differences in development in early childhood

Development in the early years of life has a crucial effect on children’s futures. By the age of three, children from less advantaged backgrounds are already well behind their peers in identifying basic words and in other developmental milestones and over a quarter of children in poverty are well over a year behind the average child in terms of school readiness.

Successive Welsh Assembly Governments have placed considerable emphasis on the importance of early years learning and support. The 2005 child poverty strategy announced an additional £50 million to be targeted on the most deprived areas of Wales. This proposal was subsequently developed into the *Flying Start* programme, an Assembly Government initiative running from 2007-2011 that targets funding on 0-3 year olds living in our most disadvantaged communities. The local, strategic Children and Young People’s Partnerships in each local authority area across Wales receive funding to provide free, part time high quality child care for two year olds and evidence-based early years services such as enhanced health visitor support and parenting programmes.

The seminar discussion group recognised the very considerable benefits that could be realised by the *Flying Start* programme in the long term, and although there are undoubtedly areas in which provision could be developed and enhanced, early years

³³ Hirsch, D. (2007) *Chicken and egg: child poverty and educational inequalities, CPAG policy briefing* <http://www.cpag.org.uk/campaigns/education/EducationBriefing120907.pdf>

³⁴ A sixth – gaps in access to higher education – is omitted here as it was not part of the discussion.

³⁵ Holton, D. (2006) Education Scoping Paper for Save the children. People in Work Unit (unpublished)

policy and provision were not considered to be in need of such urgent attention as much as the subsequent education and learning of children from poor families.

The growing divide in the school years

Once in education, the gap in attainment between poor children and other children grows. Poor literacy results in primary school are a strong risk factor for later low achievement. The attainment of children from families relying on free school meals gets progressively worse during their years at school, particularly during the first three years of secondary school when many disadvantaged children are starting to become alienated from the school system. By the time they are 16, children on free school meals are more than one and a half GCSE grades, on average, behind their peers. In the words of Donald Hirsch, the author of the CPAG report “the education system is failing in its basic task of providing each child with an equal opportunity to succeed”.

There are now renewed efforts in Wales and across the UK to ‘narrow the gap’ between the educational attainment of children in low-income households and other children, for example the Welsh Assembly Government’s RAISE programme (which allocates additional funding to ‘support schools’ and ‘LEAs specific efforts to raise the attainment levels of disadvantaged pupils’). However, figures indicate that while Wales’ efforts to narrow the gap in primary schools are bearing fruit, trends in the size of the gap in performance at GCSE in Wales are trailing those in England (see box on page 39).

Just what happens during school years to disadvantage children from already disadvantaged homes is not clear, with explanations including low self-esteem and self-confidence of children in poverty. Nevertheless, those who participated in our seminar concluded that there was still a great deal that could be done to help poor children to keep pace with their better-off classmates. This could include:

- Incentives for schools to succeed in reducing inequalities in attainment. Schools should be encouraged to ‘narrow the gap’ in progression, with criteria reflected in the inspection framework. Reducing differences in progression should be seen as an integral part of the ‘value added’ by schools, not an additional burden.
- More investment in school leadership and management and teacher professional development on improving performance amongst disadvantaged children.
- Greater financial support for the development of Community Focused Schools in Wales.
- More sharing of good practice between schools, perhaps prompted by a special investigation by Estyn.
- Measures to build children’s confidence and self-esteem, including enhancing emotional literacy programmes (e.g. SEAL – social and emotional literacy) which develops essential skills such as leadership, motivation, etc.

- Intensive resourcing and provision of remedial support for children with the aim that no child leaves primary school without age-appropriate literacy and numeracy skills.
- Raising awareness of the impact of child poverty on attainment amongst all schools and embedding a concern with social justice in schools' ethos.
- Urgent consideration given to additional ways to reduce the disengagement of children during Years 7 – 10.
- Introducing programmes of 'Personalised Learning' which is of proven effectiveness.

The discussion group also considered the question of addressing the educational needs of particularly vulnerable children such as looked-after children and Gypsy/Traveller students. Whilst consideration has been paid to looked after children over the last 15 years, the group felt that there was little evidence to demonstrate that as a result their position has improved. The discussion group noted that foster carers (who look after most children in state care) themselves frequently have less than level 2 qualifications and that stability of placements remains a major concern. This is an issue which needs further consideration. On Gypsy Travellers, there was agreement that more resources are required for the education of children of Gypsy Travellers.

More positively, there was felt to have been some progress providing education for young women who have babies whilst still of school age and that there was more recognition of their need for education. However, support for such women was nevertheless patchy geographically and not always sufficient and further work needed to be undertaken on this issue.

Education for Employment – breaking the cycle

The gap in educational attainment has a direct impact on children when they enter the labour market. Those who leave school with few or no qualifications at 16 have poor prospects in employment, both immediately (as seen in the numbers who are not in education training or employment) and subsequently (22% of unqualified young people are not working in their late 20s compared with just 5% of graduates).

The Welsh Assembly Government commissioned a review of young people not in education, training or employment which will now inform policy and action going forward. In advance of its conclusions, the participants in the discussion group suggested that the Assembly should target the geographical hotspots where child poverty and not being in education, employment and training were particularly prevalent, and introduce measures to:

- raise aspirations of young people – including increasing the range of opportunities available to young people e.g. through much better youth provision, and meaningful work experience and careers advice

- provide guaranteed paid employment with training for everyone leaving school
- provide adult support to complement parental input, which is long-term, relevant to young people's needs and inspirational.

There is no doubt that the gap in educational chances runs through generations. Poor children have few qualifications; have poor job prospects, and their own children then live in poverty. Over the last 20 years it has become harder for children from poor families to be socially mobile, and break out of that cycle.³⁶

5.5 Making public services deliver for families facing multiple disadvantage

While there are a number of new programmes of support targeted at disadvantaged families with children, our literature review suggests that this help and support is not always getting to the families who are the hardest to reach, i.e. those families furthest from the labour market, facing multiple disadvantage. These include particular groups that are over represented in the severe child poverty population, e.g. families with parents who have a disability or a long term illness, families from particular minority ethnic groups; families with parents who have no educational qualifications. Moreover, this help and support is not always targeted on the specific issue of tackling child poverty.

Cymorth is a Welsh Assembly Government funding programme designed to support the same local strategic partnerships to deliver targeted support for vulnerable children aged 0-25 years within a network of universal services. In 2007-8, the fund of over £57 million supports about 1,000 projects which aim specifically to improve the life chances of children, young people and families living in the most disadvantaged areas of Wales.³⁷

³⁶ Blanden, J. Gregg, P. and Machin, S. (April 2005) *Intergenerational Mobility in Europe and North America*, London: London School of Economics Centre for Economic Performance
<http://cep.lse.ac.uk/about/news/IntergenerationalMobility.pdf>

³⁷ Welsh Assembly Government (2006) *Cymorth: Children and Youth Support Fund Guidance 2007-08*

Overcoming disadvantage

The evidence suggests that families facing the greatest barriers are not well served by current arrangements. A quote from ATD Fourth World, a grassroots anti-poverty organisation articulates the barriers very clearly:

“The most disadvantaged families – those who face the greatest difficulties – are often the very families who find it hardest to get the support they need. Reaching and involving those who are the most disadvantaged and vulnerable is the most vital, and also the most challenging, task facing all programmes to improve the wellbeing of children and families. Many services are created for disadvantaged families. Nevertheless, these families often struggle on their own to overcome the effects of poverty and social exclusion because service-providers find it so hard to reach them”.

Disadvantaged families are likely to:

- feel isolated, unsafe and discriminated against;
- suffer from poor physical or emotional health;
- have low educational attainment;
- have had discouraging experiences of statutory services;
- live in poverty, with very limited financial resources, poor housing and restricted access to transport.

ATD Fourth World: Not Too Hard to Reach
Available at: www.atd-uk.org/publications/Pub.htm

The implications of the literature review are that such families require individualised, flexible assistance and/or support over a sustained period of time, during which progress may not be linear. There will be set backs along the way, and to achieve success, the research indicates that repeated attempts will be required. The provision of flexible, individualised, tailored support and services may be more resource intensive in the short term, but the research has indicated that it is the most effective approach in the medium and longer term.

Evaluations of family support programmes including *Sure Start* and *On Track* have indicated the crucial importance of engagement as well as what strategies ‘work’ in terms of providing extra support for families to access mainstream services. The emphasis is not on providing parallel services, rather to provide some extra help and support for children and families to access mainstream services.

Common characteristics that underpin effective family support services³⁸ include:

- intervening early before problems become entrenched
- targeted support within a framework of universal services
- a clear rationale for how the service will help
- building on strengths as well as tackling weaknesses
- integrated, whole-family approaches that look at the range of services a family might need rather than addressing one problem or difficulty in isolation.

³⁸ Research and Practice Briefings (2007) Children and Families No.11.
http://www.uea.ac.uk/swk/MRC_web/public_html/qpr/Quality%20protects%20research%20briefing%20No%2011.pdf

The *On Track* evaluation has provided evidence of which programmes are effective, and the elements that make them effective³⁹. The general principles are:

- programmes that promote the building of effective partnerships – statutory, voluntary and community
- programmes that operate within universal services but can give specialist/targeted support
- programmes that span the primary domains of children’s lives – health, education, family and community
- programmes that promote the protective factors in children’s lives.

The Social Exclusion Taskforce’s recent report *Think Family* identifies that a co-ordinated approach to the needs of excluded families is required and are encouraging statutory services take such an approach. Yet statutory provision is unlikely to be able to provide the complete package of support required by the most excluded. Assisting the most disadvantaged families requires support based on outreach, the building of trust, non-stigmatising support and a clear focus on families’ needs and aspirations, rather than on goals and targets which have been set in a top down way.

The critical factor of the service is that it recognises that poverty is complex and multi-faceted and works with parents and children collectively to address the issues, which they present as critical to their lives. These could be any number but including among others: advice, support or advocacy related to housing, benefits, debt, skills and work, drug and alcohol services, schools, health services, courts, police and youth offending.

Despite all this powerful evidence, contributors to our seminar gave many examples of situations where the poorest families across Wales are not well served by the current arrangements. Contributors suggested that the following actions would build on good practice and our evidence base and help ‘shape up’ public services to deliver for the most disadvantaged:

- Challenge the continuing ‘silo’ approach in public services serving children and families which are encouraged by current funding arrangements (with as yet, few examples of pooled budgets with regard to children and family services). If necessary, the Assembly Government should use new legislative powers to change the funding arrangements to ensure a more joined up approach to commissioning and delivering public services for children and families.
- Establish multi-agency teams operating within the *On Track* model. That is providing community-based, non-stigmatised, family support including universal, as well as more targeted services for children and families at risk. Build on the strengths of families and communities as well as tackling weaknesses using integrated, whole-family approaches that look at the range of services a family might need rather than addressing one problem or difficulty in isolation.

³⁹ *ibid.*

- Leadership at the highest, corporate level will be critical to successful implementation, driving up quality of practice on a multidisciplinary basis and improving outcomes for children, young people and their families. Local Service Boards have a key role to play.
- This approach should not be parallel to mainstream services rather the multi-agency teams should be focused on helping the most disadvantaged children and families to access services to which they are entitled. Outreach techniques and engagement strategies will be key to success.
- Within this model, take steps to further develop the 'outreach' roles undertaken by health visitors in working with pre-school children of groups vulnerable to severe child poverty and the role of school-based staff including teachers, education social workers, school nurses, working with the most 'at risk', school-age children.
- Ensure a smooth transition between pre-school and school-age family support for children 'at risk' with the baton firmly handed over by health visitors to schools on school entry.
- Workforce development and training should be tackled on a multi-agency basis.

6. Conclusions

Child poverty is one of the greatest threats to the well-being of the people of Wales. Despite some reduction in child poverty since the late 90s, the numbers living below the poverty threshold are still some way off the targets for both 2010 and 2020. Tackling the most severe child poverty is essential for these targets to be achieved, as well as to eliminate the misery and waste of human potential of child poverty.

The *One Wales* programme of government has renewed the commitment to achieving the agreed child poverty targets. Achieving these targets must continue to be a high priority for the full term of the current Assembly Government and, moreover, it should be adopted by all public agencies in Wales including local government.

This project was very small scale and has only begun the process of identifying the key characteristics of severe child poverty in Wales and to explore the policy options that are open to the Assembly Government and others. Nevertheless, even with these limited resources we have highlighted the critical importance of paid work to severe child poverty, and the association with parental disability and lone parenthood.

We have also identified some promising approaches that provide an agenda for action to tackle severe child poverty. These centre around:

- Helping households to maximise their income by increasing benefit / tax credit take up, streamlining administration and reducing the financial burden on poor families.
- Helping parents to return to work by making support programmes more ‘family friendly’.
- Substantial investment in education and learning for disadvantaged children.
- Making public services deliver for families facing multiple disadvantage – through programme bending and provision of advocacy and better tailored support.

A number of the ideas in this report would help significantly to tackle severe child poverty in Wales and could be implemented relatively quickly. However we recognise that other ideas need further development and testing before they could be implemented. We urge the Welsh Assembly Government to consider **all** these proposals very carefully – and to establish its own ‘Child Poverty Policy Unit’ to take them forward.

Wales still has one of the highest rates of child poverty in Europe and progress in reducing the number of children in poverty stalled two years ago. Article 4 of the United Convention on the Rights of the Child obliges governments to fulfil children’s rights to the ‘maximum extent of their available resources’. If child poverty is a top priority for the Welsh Assembly Government it has to deploy more of its own internal

resource to the task of identifying how best to use its £14 billion allocation to eradicate child poverty in Wales. As the target date for halving child poverty draws nearer some bold and radical commitments are needed if the lives of children in the most severe poverty are to be transformed. As well as the more detailed ideas set out in the relevant sections of the report, some possible major targets also emerged during the preparation of this report. These include:

- Providing help to find work for **any** parent who wants it – irrespective of benefit status or duration of worklessness.
- Establishing a family income guarantee, set at the severe income poverty threshold, below which no family's income would fall, whether in or out of work.
- Providing free, top-quality childcare for all children whose parents want it.
- Ensuring that all children have a genuinely free education.
- Ensuring that no child leaves primary school unable to read or write.
- Ensuring that affected children, young people and parents are involved and actively participate in designing, implementing and evaluating solutions for tackling child poverty.

Annex 1: UK Severe Child Poverty Status by family characteristics summary

Each column in Table 3 shows the percentage of children who are not in poverty, who are in standard poverty and who are in severe poverty respectively, by the characteristics of the household they live in.

Hence, taking the first row – workless parents – 5.3 percent of children who are not poor live in households with workless parent(s), 42.1 percent of children who live in standard poverty live in households with workless parent(s), and 62.3 percent of children in severe poverty live in households with workless parent(s). The columns do not sum to 100 percent because many children live in households with more than one of these characteristics.

Note. These figures exclude any formal childcare costs.

Table 3: Percentage of children in different types of poverty by characteristics of household

Characteristic	Child Poverty Status			All children
	Percentage of all children not in poverty	Percentage of all children in standard poverty	Percentage of all children in severe poverty	
Workless parent(s)	5.3	42.1	62.3	19.0
Lone parent	14.9	43.8	47.9	24.4
Disabled adult present	18.0	29.3	32.7	21.9
No qualification held by mother	10.8	31.4	44.3	18.6
Four or more children	6.3	18.7	20.9	10.4
Asian and Asian British	4.4	7.9	14.5	6.1

Source: Magadi, M. and Middleton, S. (2007) *Severe Child Poverty in the UK*, London: Save the Children.

Annex 2 Relationship between benefits, household income and child poverty

The table shows where the tax credit and benefit system would leave the various household/family types listed in Table 3 in Annex 1. We assume that the households are tenants, so get Housing Benefit where applicable. All figures are after housing costs are deducted.

Table 2: effects of tax credit and benefit system on selected household/family types in 2005/06

Household type	Working?	Weekly Income	Expected to be in poverty?
Single adult, one child aged 8	No	£121 in benefits	In poverty but not in severe poverty
	16 hours per week at minimum wage	£163 in pay and tax credits	Not in poverty
Single adult, 2 children aged 8 and 14	No	£169 in benefits	In severe poverty
	16 hours per week at minimum wage	£207 in pay and tax credits	In poverty but not in severe poverty
Couple, one child aged 8	No	£152 in benefits	In severe poverty
	16 hours per week each at minimum wage	£228 in pay and tax credits	Not in poverty
Couple, 2 children under 14	No	£200 in benefits	In severe poverty
	16 hours per week each at minimum wage	£254 in pay and tax credits	In poverty but not in severe poverty
Couple, 2 children aged 8 and 14	No	£200 in benefits	In severe poverty
	16 hours per week each at minimum wage	£254 in pay and tax credits	In poverty but not in severe poverty

The table tells us a number of things:

- Non-working lone parents whose rent is met by Housing Benefit will be in severe poverty if they have two children and on the cusp of severe poverty if they have only one child.
- By contrast, non-working couples whose rent is met by Housing Benefit will be in severe poverty however many children there are.
- Any lone parent working 16 hours a week or more, even at the NMW, will not be in poverty at all if they have one child, but will (just) be in poverty with two.

- Couple households where both work 16 hours a week at the minimum wage are in poverty but not severe poverty.
- In all cases, families with two children, one of whom is 14 or over, are more likely to be in poverty. This follows from the process of equivalisation, whereby a 14 year old child requires as much resource as an additional adult and twice as much as a younger child.
- If any of these households were mortgage holders rather than renters, with mortgage repayments of a similar size to average rent, they would be much worse off than the table suggests.