

Thursday 22nd February, 3pm, Westminster Hall Debate 'Child Poverty in London'

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The overall outlook for the UK

There were 4 million children living in poverty in the UK in 2015-16.¹ That's 30 per cent of children, or 9 in a classroom of 30.² Projections indicate that under current policies this is likely to rise to 5.2 million by 2021-22.³ When kids grow up poor they miss out – and so do the rest of us. They miss out on the things most children take for granted: warm clothes, school trips, having friends over for tea. They do less well at school and earn less as adults.

Different regions face differing child poverty rates, related to differences in labour market characteristics and the cost of housing. London has the highest child poverty rate of all UK regions and this is expected to remain the case over the coming years. However some other regions are expected to see more rapid increases. In the North East for example, child poverty is expected to rise by eleven percentage points between 2013-15 and 2019-21

Child poverty rates by region, actual and projected to 2019-2021

Region	2006-2008	2013-2015	2019-2021
North East	34.5%	28.2%	39.7%
North West	33.2%	30.3%	38.2%
Yorks & Humber	31.6%	29.2%	37.0%
East Midlands	29.3%	28.6%	36.2%
West Midlands	35.4%	32.8%	40.8%
East of England	26.2%	25.1%	31.8%
London	40.2%	36.5%	41.5%
South East	26.4%	24.8%	28.9%
South West	26.3%	25.9%	31.6%
Wales	32.1%	29.7%	39.2%
Scotland	24.6%	23.2%	29.0%
Northern Ireland	24.8%	25.7%	34.6%
UK	30.8%	28.8%	35.6%

Source: Institute for Fiscal Studies, *Living standards, poverty and inequality in the UK: 2017–18 to 2021–22* (2017)

¹ Defined as less than 60% of median income after housing costs

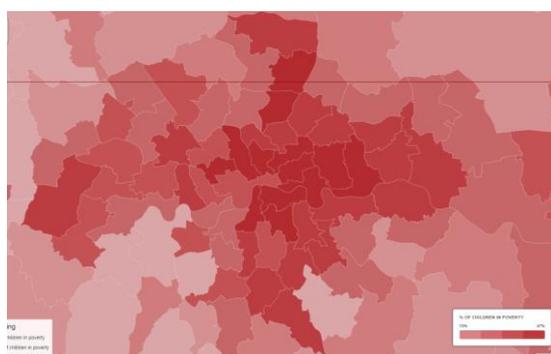
² Households Below Average Income <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201516>

³ Institute for Fiscal Studies, *Living standards, poverty and inequality in the UK: 2017–18 to 2021–22* (2017) - <https://www.ifs.org.uk/uploads/publications/comms/R136.pdf>

Poverty in London has its own particular characteristics. Economically, London is a wealthy city but [that wealth is not spread](#). While the richest 10% of London’s households own 50% of the capital’s wealth, the poorest 50% of Londoners own just 5% of the city’s wealth. London’s children are more likely to grow up in poverty than their contemporaries elsewhere in the UK – indeed, 37% of London’s children live in poverty.

London has the highest rate of child poverty of any English region – and there are as many poor children in London as in all of Scotland and Wales. There is often an assumption that work is a sure route out of poverty, but two thirds of children living in poverty live in a household where at least one parent works. Four in ten children are living in poverty and that figure is expected to rise.

The nature of poverty in London is also changing, as the divide between ‘inner’ and ‘outer’ London has become less stark. As you can see on [this interactive map](#) from End Child Poverty, while inner London certainly still has a higher percentage of Local Authorities with serious levels of child poverty, outer London is catching up.



You can also explore the extent of child poverty across the UK, using [this interactive map](#).



Causes and problems of child poverty

Child poverty is a problem for society, not simply for ethical reasons. A child living in poverty will, on average, develop slower than contemporaries, do less well at school, have poorer physical and mental health, and will generally have reduced life chances than richer contemporaries, including reduced earning power. We all love

and want the best for our children, but living on a low income makes it more difficult for families to provide everything their children need to succeed. Research at the London School of Economics has robustly demonstrated a causal link between low income and worse child outcomes; conversely, when families' incomes go up, children do better.⁴

[Poverty is damaging](#). It damages childhoods; it damages life chances; and it damages us all in society. In 2013 [it was estimated](#) that child poverty costs the UK at least £29 billion each year, in services and in wasted potential. Conversely, investing in children is one of the best investments we could make as a country.

The link between child poverty and ill health is well-established. [Views From The Frontline](#), a joint CPAG and Royal College of Paediatrics and Child Health report from May 2017, shows that paediatricians are seeing the effects of poverty on children's health every day in their practice, and that they believe it is getting worse. Indeed, in 2013, it was estimated that child poverty costs the country £1.5 billion each year through the increased need for acute healthcare.⁵

CPAG Scotland's [Cost of a School Day](#) project explored the ways in which insufficient household income has very real repercussions, on making children feel excluded, unhappy and unable to participate in school activities.

There is an assumption that the main cause of child poverty is worklessness, but **this is not the case**. In fact, two-thirds (67 per cent) of children growing up in poverty live in a family where at least one person works.⁶ Furthermore, [Trust for London has shown](#) that 58% of Londoners in poverty live in a working family, where at least one parent works. This equates to 1.3 million people - a 50% increase over the last decade.

In London, wages have flat-lined and failed to keep pace with the capital's soaring cost of living. On top of this there is a shortage of family-friendly jobs and genuinely affordable, flexible childcare in London.

At the same time, around £27bn a year has been taken out of the social security system since 2010, which means less money in the pockets of low-income families and less being spent in local economies. Most benefits for working-age families have been frozen, dramatically reducing families' real incomes, and cuts to universal credit mean that it will not deliver on its promise to reduce child poverty. In fact, child benefit, a lifeline for families, is set to lose 23 per cent of its value this decade.⁷

A recent IFS report estimated that between now and 2021-22, the freeze to most working-age benefits means that around 7.5 million low income households will see their benefit entitlements cut by over £500 per year in real terms, while the 'two child' limit in tax credits and Universal Credit means that some low income families will receive over £2,500 *less* in benefits than they otherwise would have.⁸

⁴ See Kitty Stewart, 'Why we can't talk about life chances without talking about income', in J Tucker (ed.), *Improving Children's Life Chances* (2016)

⁵ D Hirsch, *An estimate of the cost of child poverty in 2013* - [http://www.cpag.org.uk/sites/default/files/Cost%20of%20child%20poverty%20research%20update%20\(2013\).pdf](http://www.cpag.org.uk/sites/default/files/Cost%20of%20child%20poverty%20research%20update%20(2013).pdf)

⁶ Households Below Average Income: <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201516>

⁷ CPAG's Election 2017 manifesto - <http://www.cpag.org.uk/sites/default/files/uploads/CPAG%20election%202017%20manifesto.pdf>

⁸ Institute for Fiscal Studies, *Living standards, poverty and inequality in the UK: 2017-18 to 2021-22* (2017) - <https://www.ifs.org.uk/uploads/publications/comms/R136.pdf>

The government has just announced plans to reduce the number of families claiming universal credit who will be entitled to free school meals. Increasingly, help with housing costs has fallen behind rising rents as local housing allowances have been cut and frozen.

In fact, Trust for London has made it clear that **the cost of housing is the main factor explaining London's higher poverty rates** compared with other parts of the country.⁹ London's housing costs are soaring, and more and more children across the capital are becoming homeless as too many of London's families (both in and out of work) do not have access to affordable, secure, quality housing. More people in poverty live in the private rented sector than any other housing tenure – and the number of children living in poverty in private rented accommodation has tripled in the last decade. Furthermore, seven in ten households in temporary accommodation in England are in London. Over 80% of these households contained children.

Tackling child poverty

Ultimately, the existence of child poverty is based on policy decisions made at a national level. Child poverty is not inevitable: in the past, child poverty levels have been significantly lower in the UK, and they are lower today in many other comparable countries.

Indeed, child poverty reduced dramatically between 1998/9-2011/12 when 800,000 children were lifted out of poverty thanks to policies such as effective employment programmes for single parents, tax credits to support low-paid families with children, and investment in childcare and the early years.¹⁰

However today, legislative changes such as the 'two child rule', the benefit cap, the benefits freeze and the rollout of Universal Credit, will all have a profound impact, both increasing the number of children in poverty and creating deeper poverty for families already below the poverty line. Indeed, child poverty is projected to rise dramatically in the next five years, undoing all progress made since the mid-1990s.

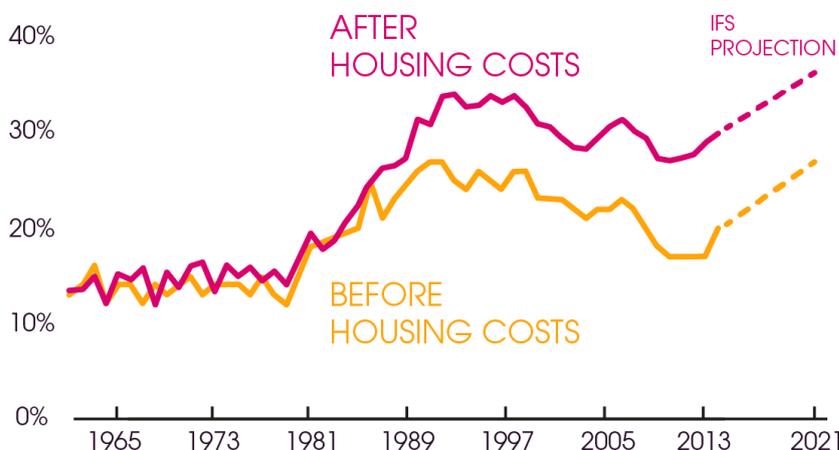
The graph below comprises data from 'Households Below Average Income' and the most recent IFS projections from November 2017, indicating that child poverty after housing costs is projected to rise to 5.2 million by 2021/22.¹¹

⁹ See Trust for London, *London's Poverty Profile* (2017) and Donald Hirsch, *Children in London: The Extra Cost* (2015)

¹⁰ <http://www.cpag.org.uk/child-poverty-facts-and-figures>

¹¹ Institute for Fiscal Studies, *Living standards, poverty and inequality in the UK: 2017–18 to 2021–22* (2017) - <https://www.ifs.org.uk/uploads/publications/comms/R136.pdf>

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From renaming the ‘Child Poverty Commission’ the ‘Social Mobility Commission’, and scrapping national child poverty reduction targets, we are all at risk of forgetting the prevalence and true nature of child poverty in the UK today.

There is a desperate need for greater political will to tackle the problem of child poverty, and a genuine understanding of its causes. It sounds ambitious, but reducing and eliminating child poverty at a national level would ultimately require it to become a social and economic policy priority.

There are immediate steps national government could take, to reduce levels of child poverty in the UK and in London, right now:

- Restore the value of children’s benefits and end the freeze so that they rise in line with inflation, to keep 200,000 children out of poverty.¹²
- End the two child limit on tax credit and universal credit payments, to keep at least 200,000 children out of poverty.
- Restore the work allowances in universal credit so that parents keep more of their earnings and work can become a genuine route out of poverty.
- Invest in good quality childcare and early years education, available at the times parents need it.
- Encourage wraparound and holiday provision for school-age children so that parents can work while their children receive enrichment.
- Work with employers to increase the number of flexible, family-friendly jobs which offer decent pay and the security and opportunities for progression which parents need.
- Control rent increases and invest in genuinely affordable rented homes.
- Re-establish a national and local cross-departmental child poverty strategy and Child Poverty Unit.
- Recognise children’s rights and assess policy decisions against this framework.

London’s Local Authorities also have a responsibility in ameliorating the worst effects of child poverty in their areas (see London Child Poverty Alliance’s May 2018 [local elections manifesto](#) for a full list of suggestions). Steps which local authorities can take include:

- Becoming a London Living Wage accredited employer.

¹² J Tucker, *The Austerity Generation: the impact of a decade of cuts on family incomes and child poverty* (2017)

- Providing joined-up comprehensive Universal Credit support including welfare rights advice services.
- Reducing minimum Council Tax payments for low-income and vulnerable groups, and abolishing the use of bailiffs in recovering these costs.
- Making best use of new Local Authority powers to enforce private rented sector conditions.
- Adopting the Mayor's Homes for Londoners supplementary planning guidance, in particular those sections on viability and section 106 affordable housing contributions.
- Ensuring there is enough affordable childcare for low income families.
- Continuing to fund Local Welfare Assistance Schemes, and ensuring they are publicised.

Definitions

A child is living in poverty, if living in a household with below 60 per cent of contemporary median income.¹³ Relative poverty is an important measure of poverty in the UK because poverty is not just about being able to afford to survive, but being able to afford a basic but decent standard of living in the society in which you live.

Indeed, there were four measures – or a better term is 'indicators' – in the Child Poverty Act. These are:

- 1) Relative low income (below 60% median household income)
- 2) Absolute low income (below 60% median household income held constant at baseline year)
- 3) Persistent poverty (3 of the last 4 years living below 60% median household income)
- 4) Material deprivation (from a survey of what families can afford who are below 70% median household income)

Taken together these measures give us a good sense of what is happening to child poverty.

Poverty is about more than survival, but about lacking the money to participate in the norms of society, or the inability to afford a dignified minimum standard of living.

Questions to consider in advance of the debate

- What does child poverty mean to children, young people and low-income families in the areas you represent?
- Thinking of the schools, food banks, and advice centres in your constituency, what case studies and stories of families in poverty can you share?
- How has child poverty affected schools in your constituency?
- What is happening to jobs and pay in your area?
- What has been the impact of welfare reforms in your constituency?
- What local services in your constituency help to alleviate the effects of child poverty?
- What action has your Local Authority undertaken to reduce poverty and child poverty?
- Which of the measures referenced above do you think should be taken at a national level to reduce and prevent child poverty?

¹³ For reference, for a household with two children and two parents the poverty line would be £20,852 p.a. and for a lone parent with two children this would be £15,444, in 2015/16 – poverty lines are adjusted for household size. This is taken from the government's annual survey of income poverty called [Households Below Average Income](#).

Further resources:

Child Poverty Action Group Scotland, *Cost of a School Day* (2015) -

http://www.cpag.org.uk/sites/default/files/CPAG-Scot-Cost-Of-School-Day-Report%28Oct15%29_1.pdf

Child Poverty Action Group and Royal College of Paediatrics and Child Health, *Views from the Frontline* (2017) -

<https://www.rcpch.ac.uk/sites/default/files/user45042/Poverty%20and%20child%20health%20survey%20-%20views%20from%20the%20frontline%20-%20FINAL%2008.05.2017.pdf>

J Tucker, *The Austerity Generation: the impact of a decade of cuts on family incomes and child poverty* (CPAG, 2017) - <http://www.cpag.org.uk/sites/default/files/Austerity%20Generation%20FINAL.pdf>

Child Poverty Action Group, *Programme for Government, 2015-2020* (2015) -

http://cpag.org.uk/sites/default/files/Programme_for_government_2015_2020_CPAG.pdf

Child Poverty Action Group, *Round the clock: in-work poverty and the 'hours question'* (2015) -

http://cpag.org.uk/sites/default/files/CPAG_Round_the_clock.pdf

Donald Hirsch, *The Cost of a child in 2017* (2017) -

<http://www.cpag.org.uk/sites/default/files/TheCostofaChildin2017.pdf>

Donald Hirsch, *Children in London: The Extra Cost* (2015) - [https://dspace.lboro.ac.uk/dspace-](https://dspace.lboro.ac.uk/dspace-jspui/bitstream/2134/19082/1/CPAG_Children%20in%20London%20the%20extra%20costs_Sept%2015.pdf)

[jspui/bitstream/2134/19082/1/CPAG_Children%20in%20London%20the%20extra%20costs_Sept%2015.pdf](https://dspace.lboro.ac.uk/dspace-jspui/bitstream/2134/19082/1/CPAG_Children%20in%20London%20the%20extra%20costs_Sept%2015.pdf)

Institute for Fiscal Studies, *Living standards, poverty and inequality in the UK: 2017–18 to 2021–22* (2017) -

<https://www.ifs.org.uk/uploads/publications/comms/R136.pdf>

London Child Poverty Alliance, *Doing Better for London's Families* (2018) -

https://familyfriendlylondon.files.wordpress.com/2018/02/lcpa_manifesto_fv.pdf

Trust for London, *London's Poverty Profile* (2017) -

https://www.trustforlondon.org.uk/documents/272/LPP_2017_full_report.pdf