

# Changing the odds in the early years

A discussion paper on tackling poverty in the early years

**Changing the odds in the early years argues for a renewed focus on reducing poverty for pre-school children and their families as a central priority for this Parliament.**

**Drawing on research with 10 local authorities in England, the report highlights the challenges local authorities are experiencing in helping families with very young children against the backdrop of increasing need and reducing budgets.**

**It concludes that additional investment in targeted interventions are essential at this crucial stage of children's development if we are to break the cycle of disadvantage for the poorest families. It advocates for urgent and co-ordinated action to improve young children's outcomes and life chances in the most disadvantaged areas.**

**This report is informed by the perspectives of local authorities, service providers and by young children and their families living with low income using a variety of methods including fieldwork visits to a number of Local Authorities, a review of literature and research conducted with children and families.**

**Overcoming the Odds is advocating for local strategies of practical support to transform the life chances of our youngest, most disadvantaged children.**

**Children's experiences in the early years have a disproportionate impact on life chances. A child born in 2015 will be at school by the end of Parliament. There is no second chance to reduce the impact of poverty for children in the early years.**

**We need to change the odds in the early years.**

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## **The lasting impact and cost of poverty in the early years**

Living in poverty has a serious impact on children's lives, negatively affecting their development, educational attainment health and wellbeing as well as having long-term adverse consequences into adulthood (Dickerson and Popli, 2012). Even a few years of poverty can have negative consequences for a child's development and is especially harmful from the ages of birth to five.

The research indicates that being poor at both nine months and three years is associated with increased likelihood of poor behavioural, learning and health outcomes at age five (Magnuson, 2013). By the age of four, a development gap of more than a year and a half can be seen between the most disadvantaged and the most advantaged children (Sutton Trust, 2012). If a baby's development falls behind the norm during the first year of life, it is then much more likely to fall even further behind in subsequent years, than to catch up with those who have had a better start.

A child's early years of life are therefore vitally important. This is a time a child's brain grows and changes rapidly, making young children especially sensitive to environmental influences. Early childhood is particularly critical because that is when the family context dominates children's everyday lives, a context that is significantly affected by socioeconomic status. Being part of a poor family can limit children and their life chances in every aspect at this crucial stage of growing up.

In the UK over 27% of children live in poverty (HM Government, 2014). In the wards with the highest concentration of children living in poverty as many as 53% are growing up in households where family income is below the national poverty level (Hirsch and Valadez 2014).

## **Over one million children under 5 live in poverty across the UK.**

## **Government interventions to tackle the causes of poverty are important**

There is undoubtedly a strong role for Government in reducing poverty in the early years. The Government's first national child poverty strategy (HM Government 2011) described how it intended to tackle poverty up to 2020. Its approach was to focus on the causes of intergenerational cycles of poverty. Within this, there have been specific commitments to improve outcomes for the most disadvantaged young children.

Free early years childcare for all three and four year olds has been at the centre of the approach, with the introduction of free places for disadvantaged two year olds and an increased focus on early education. At the same time, there has been a new push and broader remit for health visitors and the expansion of the Family Nurse Partnership - the specialist programme for young teenage parents. Sure Start Children's Centres were established from 1999 to 2006 as a new mechanism to bring together health, education, employment and specialist support for the most disadvantaged pre-school children and their families.

The most recent child poverty strategy of 2014 (HM Government, 2014), continued to advocate for investment in support services for low-income families. For young children and families living in poverty this includes the goal 'to ensure that all poor children arrive at school ready to learn'.

Investing in a child's early years offers opportunities to make significant improvements in life chances for children. Aiming to narrow the gap in outcomes between the most disadvantaged children and their peers, early years programmes have accounted for significant past investment, and sizeable investment remains in place. Indeed, a Bill is currently going through Parliament which is set to double the hours of childcare for three and four year olds.

## Early years support is struggling to have an impact against a backdrop of increasing need and decreasing budgets

Yet reductions of local budgets are having a significant impact with substantial cut backs and reductions in some early years support - in particular Children's Centres and specialist preventative services. Early Years support today must be seen in the context of a national programme of deficit reduction and the introduction of austerity measures as well as reductions in public spending including in local government, and significant welfare reforms. At the same time, we have seen a rise in poverty in working families, with the most recent figures showing that most children living in poverty have at least one parent in work (DWP 2015). This has been coupled with a significant reduction in benefits for families with young children with further planned.

Grants from central government (excluding those specifically for education, public health, police and fire services) have been cut by 36.3% overall (and by 38.7% per person) in real terms (Innes and Tetlow, 2015). Real spending per child on early education, childcare and children's centres fell by a quarter between 2009-10 and 2012-13 (Stewart and Obolenskaya, 2015). In 2010, a number of different funding streams for early intervention were pulled together into the Early Intervention Grant, but this has reduced by fifty percent in the value of support over the course of the 2010-15 parliament. In addition to this, the total funding for local welfare assistance schemes reduced by £150 million (in real terms) compared with equivalent expenditure on the discretionary Social Fund in 2010 (Royston and Rodrigues 2013).

Our research found an increasingly patchy provision across the service provision landscape, including both services directly aimed at young children, or those playing a significant role. This uneven provision is at a time when a great reliance is being placed on joining up services to ensure families receive the support they need.

**The Government recently announced the intention to amend the Child Poverty Act 2010 to become the Life Chances Act, replacing income related targets with new measures that tackle the root causes of poverty. This is intended to drive Government action to improve the life chances of children. It is admirable that Government are seeking to address the factors that run hand in hand with poverty such as child development and poor educational achievement. However further action will be needed - poverty cannot be tackled by measuring only things that affect it and not poverty itself.**

**Plans to increase the minimum wage are welcome, but this alone is unlikely to reduce the numbers of children living in poverty. The Institute for Fiscal Studies suggest that reducing tax credits to their 2003-04 levels would push 300,000 more children into poverty (Joyce, 2015).**

## Changes in support for children and families

Many local areas described how changes in support were having an effect on children and families. As outlined in the work of Stewart and Obolenskaya 2015 a number of reforms have specifically affected households with young children, including reduction to both universal and means-tested family benefits. The main relevant policies include:

- The abolition of the 'Baby Tax Credit' which doubled the family element of Child Tax Credit in a child's first year (worth £545 a year when abolished in April 2011)
- The abolition of the Health in Pregnancy Grant (essentially Child Benefit paid during the last trimester of pregnancy)
- The restriction of the Sure Start Maternity Grant (£500 at birth paid to low income families to help with the costs of a pushchair, cot etc.) to the first child in the family
- For Working Tax Credit eligibility, an increase in the working hours requirements from 16 to 24 hours, for couples with children
- An increase in the withdrawal rate for tax credits from 39% to 41%, and a lowering of the threshold for receiving some tax credits. Families had previously received the full family element (£545) up to an income of £50,000; by 2014-15 the threshold for receiving any tax credit had fallen to £26,000 for families with one child, rising to £45,400 for families with four;
- A freeze on Child Benefit and on the flat-rate family element in Child Tax Credit
- The abolition of the Child Trust Fund (£250 or £500 which had been paid into a savings account for all new babies, with later top-ups for low-income families)
- The introduction of "affluence-testing" for Child Benefit, with a taper setting in when one parent earns £50,000 a year and complete withdrawal at £60,000.

# What the research found

## Practical support to help children and families flourish

Professionals and parents felt that services and support for the very young and their families are an effective way of improving outcomes for children living in poverty. Professionals interviewed for the project argued for the vital role of a range of early year's services including Children's Centres. Parents also valued the role these services play in supporting children to prepare for school, develop their skills, and/or gain confidence and self-esteem and socialise with their peers. Parents also highlighted the importance of keeping services free at the point of use to ensure access.

There are good examples emerging of local authorities introducing innovative early year's delivery models aimed at providing an integrated approach for services across health and local government services to combat the drivers of poverty, and using evidence-based provision to improve outcomes for young children.

*“I can really see a massive difference in how early we are supporting families with the new delivery model, really helping with isolation. If they've got very minor issues, or some are very high level – we're getting in very early and we can see the difference its making.” Professional*

When working well, Children's Centres are acting as 'hubs', where a broad range of support for families can be accessed, including health services, parenting support and access to work programmes. Food banks and other types of material support were also often provided on site. This approach was viewed as extremely effective in tackling the negative impacts of poverty on children.

## Sustainability of early years services

*“We have to take £59 million out of next year's budget. We have tried to protect children's services, but there's nowhere else to go.” Professional*

During the research, budget reductions were evidently impacting on the capacity of services to deliver, and on the sustainability of early years services. Despite being viewed by local authorities as key part of their strategy for tackling child poverty, squeezed budgets mean many services including children's centres, are being reduced.

Whilst funding for some services has been sustained or expanded e.g. free childcare places and the Family Nurse Partnership (FNP), the overall reduction in funds for local services is having an undoubted impact on many aspects of early years support. The reduction in financial support for children's centres is well documented and the Early Intervention Grant reduced by 50% in the value of support over the course of the 2010-15 parliament.

Overall, we saw good progress in extending the availability of early years education. However, some local authorities felt that the rapid expansion of child care provision may have affected the quality of provision – especially in the private sector.

## Financial hardship

In addition to reduced budgets, local areas were also struggling to cope with increased demand for financial and material support for families in crisis.

Local authority staff interviewed for the project reported that they were investing essential resources in providing reactive support and advice to try and mitigate the impact of reduced family income some of which was caused by reductions in welfare support. Children's Centres, housing and local welfare services all played a key and central role in supporting families in crisis by providing material assistance, advice and referrals for families needing other kinds of support.

There was also some evidence that the numbers of families experiencing such crisis was increasing. Local authorities anecdotally reported increasing numbers of families reaching crisis point, evidenced for example through an increase in the number of families using food banks, and experiencing eviction and homelessness. Concerns were raised about the cost of heating homes and rises in fuel poverty.

*“I reluctantly funded food banks in recognition that a lot of families and other adults desperately need access.” Professional*

**Difficulties as the system changes:** Practitioners noted that a large proportion of income crises experienced by families were linked to the operation of the benefits system, with problems including waiting for benefit payments to be assessed, the implementation of sanctions or reductions in disability benefits or tax credit payments. During the visits we conducted, one practitioner noted that sanctions were taking a minimum of 9 weeks to overturn and some were taking up to 12 weeks. A number of local authorities also raised concerns about claimants not being advised about other options for financial support i.e. local welfare assistance and discretionary payments.

We also heard reports that welfare changes were having increasing impact on children. Staff interviewed, raised concerns about families with no income source and lack of information about hardship payments.

**Debt:** All local areas were concerned about levels of debt and arrears with bills such as council tax and housing payments and the impact that such debt has on family relationships.

One local authority noted concerns about the increased number of payday loan companies within the local area and concerns about the number of loans being taken out by families with young children. During the visits the same local authority told us that the companies were using aggressive tactics to ensure loans are repaid:

The loan companies are telling them that their debts are priority debts and there will be loads of enforcement. We have to tell them that this isn't true. The companies are very aggressive.

One local authority supported the development of a not-for-profit credit union shop in the middle of a street where a number of payday loans companies were also situated. The Credit Union is owned and run by its members and provides services only to its members.

## Housing

Access to good quality, affordable housing was a continuing challenge reported by families and staff. Housing issues differed across local areas but included cost, quality, suitability and supply in both social and private housing sectors.

**A number of parents living in both social housing and privately rented homes across all the local areas reported that their home had some damp and/or mould present, with some of these parents worrying that this was impacting negatively on their children's asthma or eczema.**

Some local authorities were not able to source sufficient supply to meet demand and were reliant on temporary accommodation including bed and breakfasts.

*"I can't see a day when we could eradicate the use of bed and breakfasts."* **Professional**

Low cost housing in the private sector was perceived to be generally of poor quality, insufficiently heated, too small and in need of essential repairs and maintenance. Parents identified issues around lack of suitable social housing, problems with extensive waiting lists and pressures to accept properties that were unsuitable.

One family, living in a one bedroom flat, was using their living room as the parents' bedroom as well as a playroom and the dining room. Although they wanted to rent privately they could not afford the high deposit. In some other cases, four children were reported to be sharing one bedroom, with parents feeling that their older children in particular lacked privacy as a result.

**Poorly maintained homes:** Individual parents reported that their homes had suffered from a broken boiler, fence, or fridge. The issue for parents involved in the research was that they lacked control over solutions and often could not pay for repairs themselves. As a result, they have often simply had to live with the problem. For example, one parent said that cleaning the mould in her home had become a part of her routine at home.

Concerns were raised with us on our visits by staff about the impact of welfare reform on poverty levels and changes to housing benefit on levels of homelessness. One local authority told us about rising levels of evictions. They noted that this was due to the changes to way housing payments were being made (direct to claimant rather than landlord) or falling behind with housing payments due to housing benefit cap and tenants being unable to make-up the short fall in amount needed to cover the cost of the rent.

*"There's mould growing around the windows. I have to clean it with bleach a couple of times a week... it is utterly frustrating."* **Parent**

Another local authority reported difficult decisions about whether to cover the costs of the under-occupation penalty using their discretionary housing payments, given the high costs of rehousing tenants and lack of properties to move them to. Two of the local authorities we visited had chosen to use discretionary payments in this way. However, this was seen as unaffordable, in the medium to long term.

We came across few explicit local strategies to tackle insecurity of tenure and rates of evictions. Those that existed tended to have been put in place by social landlords and often relied on a referral mechanism (for example from the Family Nurse Partnership) to ensure that a pause in rent or other support could be agreed.

### **Offering support for families and improving housing:**

One local authority uses power of entry as a way to check the condition and quality of properties, and enforce licensing. These assessments provided an opportunity to ask if people needed help with anything, for example helping accessing a GP or dentist – the assessment could also lead to referrals to significant support such as Family Nurses, or to the Troubled Families programme. About 50% of the people assessed in this way needed additional support.

## Healthcare

Reducing child poverty is an indicator in the public Health Outcomes Framework which means that local authorities and health services need to work together to tackle child poverty. Given that virtually all aspects of health outcomes are worse among children living in poverty, effective healthcare is an important way of closing the gap between poorer children and their peers.

The transfer of responsibility for public health commissioning for the 0-5 age group to local authorities was seen as a welcomed opportunity to identify children's needs at an early stage. Local authority staff saw this as an opportunity to develop strategies that could strengthen and integrate services across the early years.

Parents universally regarded health visitors as a vital service for new mothers and into the early years. Many reported that they were pleased with the type and level of support provided by their health visitor offering advice and guidance when needed. However, some parents felt that health visitors spent insufficient time with them to build a strong trusting relationship and meet their needs.

The Family Nurse Partnership services stand out as a success story in providing effective holistic preventative support for young parents. Young parents who received FNP were universally positive. The personalised approach taken by FNP was one of the key contributors to parent's satisfaction with the service. However, we found that demand for FNP outstripped local supply of the services with some areas only meeting about 30%.

*“I thought [Family Nurse Partnership] were just going to tell me how the baby is growing and come and do her check-ups, but they've been amazing they've come and helped with benefits and housing, they've made phone calls to the doctors for me.”*

**Parent**

The experience of parents we spoke to highlighted the areas of priority for change. Parents perceived that there was a lack of preventative health care available to them in many areas. Parents told us that midwives and health visitors did not have enough time to spend with individuals and that there was a lack of availability of mental health support. Thresholds for access certain services such as parenting support or mental health services, were also perceived to be too high.

A number of parents reported that they struggled to get timely appointments with the GP for their children and reported turning to acute services such as A&E or experiencing delays in diagnosis/treatment.

*“There's a big gap for parents with mental health problems who aren't in immediate crisis – if you're literally suicidal then they have someone who does home visits but they basically say either let yourself get that bad or deal with it.”* **Parent**

Many of the parents felt the cost of healthy food made it difficult for them to provide their child with a healthy diet despite viewing healthy eating as a priority. Some parents reported that the cost of healthy food was higher than other foods. In order to spread the costs of buying healthy food, one parent reported using creative buying techniques where she and several other parents would buy organic food in bulk, sharing the costs. Others reported a need for more support with creative buying and cooking. For example, they wanted tips on how to make food last longer and how to use their leftovers to create new meals.

The parents interviewed saw active play as an important contributor to children's health, including access to high quality outdoor spaces. However, access to this and other leisure services was particularly hard for lower income families, especially families with three or more children as it was too expensive. In addition, some felt prevented from participating in activities because they could not meet the adult child supervision ratios required on their own, for example, at swimming pools.

## Putting children at the heart of the local strategy

All the ten local authorities involved had undertaken their local child poverty needs assessments. Seven had a child poverty strategy in place, whilst three local areas do not.

Local authorities were not explicitly using the United Nations Convention on the Rights of the Child (UNCRC) to inform their strategy or service delivery and there was little understanding of its provisions and the obligations it places on local government. Only one local authority was able to describe how they used the Convention in their children and young people plan (with the child poverty strategy being part of this). This local authority also told us about how the UNCRC was incorporated into other legal and procedural frameworks.

The leadership of the child poverty strategy was different in all the four areas visited. One local authority told us that the strategy was owned by the health and wellbeing board. The other told us that the Chief Executive's department was responsible for the development and implementation of the child poverty strategy but was considering moving accountability to the Health and Wellbeing Board. It was evident from some local areas that there was a continued debate about who should take the lead.

There appeared to be a lack of involvement of children and young people in the development of child poverty strategies by the local areas examined. This lack of involvement and understanding of children's perspective is also reflected in service design, planning and commissioning. It is more common for parents than children to be involved in service and programme evaluation.

## Conclusions

The experience of local authorities, professionals, parents and children involved in our research offers valuable insight to the changing context of support for very young children which must inform thinking about national and local priorities.

### We know that:

- Children are likely to suffer disproportionate harm if they grow up poor in the early years.
- Reducing the number of children spending the first years of their lives in poverty would have a profound impact on their life chances throughout childhood and through adult life.
- A renewed focus on reducing poverty for pre-school children and their families as a central priority for this Parliament has the potential to reduce social and economic cost in the short and long term.
- Local areas are developing good approaches to reducing poverty but are struggling against a backdrop of increasing need and hardship for families.
- A strengthened focus on robust local strategies to reduce poverty is needed to help families move out of poverty and to break the cycle of disadvantage.

### A number of actions are therefore proposed for urgent consideration:

### A new national commitment from Government to significantly reduce poverty in the early years over the lifetime of the Parliament

- Government has the potential to take decisive action to end early years poverty during this parliament as a national priority.
- Such a commitment has the potential to build on the significant national investment already being made in the early years, to combine the effects of national investment in health, early education and early years across Government into a national strategy to reduce poverty.
- There is the potential for wider priorities to be given to families with children in the early years for example in national housing schemes and in welfare reforms which should be examined. There is an urgent need to build affordable new homes ensuring that families with young children are a priority.

## **Improving the outcomes of early years children as a local priority for increasingly devolved councils and regions**

As local authorities develop their approaches to an increased level of devolution and autonomy, there is a major opportunity to put children at the heart of their plans.

Often focused on economic regeneration and transport, local authorities have the potential to put forward robust proposals to take on enhanced local powers and responsibilities to combine and reshape their finances for children and the services and support they deliver.

Government has the potential to play a powerful role in encouraging and challenging local authorities to put forward proposals to strengthen support for children including to reduce poverty in the early years. From the Northern Powerhouse to seaside towns there is an opportunity to put support for children to improve outcomes at the heart of regeneration and devolution.

## **Additional Government investment to drive a reduction of early years poverty in the areas of greatest disadvantage**

In order to tackle the drivers of poverty for young children, there is a strong case for Government to make additional investment in the areas with the highest numbers of children living in poverty in England.

Additional funding could act as a powerful incentive and catalyst for local action and could provide a crucial financial bridge to allow local areas to transform their early years support in some of the most deprived communities.

Additional national funding has the potential to work with the move to local council autonomy to increase the focus on reducing child poverty. It could also have the potential to complement the extended work to support troubled families.

Additional investment could have a powerful role in funding practical support for poor families such as parenting, communication and specialist support for young children, budgeting and preparation for work and debt counselling for parents. These might be delivered through children's centres and local hubs.

Any additional national investment should require local areas to deliver a comprehensive package of support to improve outcomes for young children.

## **A better understanding of what works in reducing poverty in the early years**

As stated in this report, some local authorities are already developing innovative approaches. However, these examples are still emerging and many areas struggle to find evidence of effective strategic approaches.

There is also a lack of evidenced-based and effective approaches to reducing poverty and inequalities of very young children.

A greater understanding of what works in reducing poverty in the early years is therefore an urgent priority to inform and support strategies and practice.

## **Additional action on housing to increase the numbers of affordable of new homes built each year for families with young children**

We need the right mix of housing for a local area based on a robust needs assessment to ensure that families with young children can access the quality affordable homes they need to raise their young child.

The private rented sector should raise the quality of their homes to the decent homes standard as set out by the Department for Communities and Local Government (DCLG).

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