The circumstances of persistently poor families with children: Evidence from the Families and Children Study (FACS)

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Glossary

BME	Black and minority ethnic people and covers all minority ethnic groups other than white.
Couple family	A family with dependent children that was headed by one natural or adoptive parent, and a partner.
Dependent children	Children aged 16 years or younger, or 17 or 18 years and in full-time education.
Dual earners	A couple family where the mother and her partner both worked for 16 or more hours per week.
Equivalised income	The equivalisation of income is the process by which total income is adjusted for family size (number of family members) and composition (number of parents and number and age of children).
FACS	The acronym used to describe the FACS.
Family (unit)	Comprises two generations of people; at least one dependent child and at least one adult who is responsible for this child.
Income AHC	Income after housing costs are deducted.
Income BHC	Income before housing costs are deducted.
Lone father	A male lone parent.
Lone mother	A female lone parent.

Lone-parent family	A family with dependent children that was headed by one natural or adoptive parent only. Lone parents may be male or female.
Mother	Used to refer to the person who took part in the main FACS interview. This person was usually the family's 'mother figure' – an adult with the main responsibility for looking after the children in the family. In the vast majority of couple families this person was female. In lone-parent families this person was either the lone mother or the lone father.
Not working	No work (i.e. working zero hours).
Parent	The adult responsible for the child. This can be the child's natural or adoptive parent or the legal guardian(s) to whom Child Benefit is paid. In couple families both adults are referred to collectively as the parents.
Partner	The person with whom the mother shares a home.
Persistent poverty	Income below 60 per cent of median equivalised total disposable income, before housing costs, for three or four out of four years.
Poverty	Income below 60 per cent of median equivalised total disposable income, before housing costs.

A guide to methods used in the charts and tables

The charts and tables reproduced in this report share a general pattern and their presentation follows a number of widely shared conventions. The majority of findings in the report are presented as charts to provide the reader with a visual representation of the main findings. The sub-group analysis presented in the charts is based on at least 50 cases, unless otherwise stated. Analyses based on a small number of cases may limit the robustness and validity of the statistics produced. As such, results based on less than 50 cases should be treated with caution. In fact, analyses based on less than 25 cases are not presented in this report.

The majority of tables that appear in the appendices use row percentages and present the circumstances of persistently poor families compared to families with other histories of low income. In these tables the percentages sum to 100. Some tables present multiple responses (the respondent could choose a number of responses rather than just one) and hence, percentages will not sum to 100, for example, the percentage of persistently poor families who have a list of debts (where the family could have more than one type of debt). Tables do not necessarily contain just percentages; sometimes they contain a measure of the average – for example, the median weekly income that the family receives. These statistics are made clear in the appropriate tables.

In charts and tables the following conventions are used:

Base   The unweighted count of the base is presented in all tables, usually the number of respondents in the relevant family characteristic sub-group.

Weighting   All analysis is weighted using the grossing cross-sectional weight provided with the FACS dataset. This weight provides estimates for the survey that matches the population's known profile on a range of different characteristics.

*	Percentage value is greater than 0 but less than 0.5, which is rounded down.
.	Figures are based on less than 25 cases and are not robust; therefore, the results are not presented in this report.
" "	A blank space in a table where a percent figure is expected indicates that there were no responses in the category.

Summary

While most research and Government interest about poverty has focused on people who are currently experiencing low income, those who have a history of low-income experience have received less attention[1]. This report presents analysis of the persistence of low income from a large-scale longitudinal study of families with children.

The research was carried out by Matt Barnes, Anne Conolly and Wojtek Tomaszewski from the NatCen. It uses data from four waves (2001/04) of FACS, which is a Government-funded survey of families with dependent children living in Britain. The broad aim of the research was to use FACS to strengthen existing knowledge about families with children who experience persistent poverty. The main objective was to understand the nature of persistent poverty for families with children and to examine the key risk factors. This report presents the results of this analysis and provides some interpretations.

How is persistent poverty measured?

In this report poverty is considered as a relative measure of living standards. A family's living standards is estimated according to levels of disposable income. Total disposable family income is calculated by adding together all of the family's sources of income and then deducting taxes, National Insurance and pension contributions. Rent and mortgage interest payments are not subtracted from the overall amount, meaning the measure provides an amount of income that a family has to spend before housing costs (BHC). To ensure income reflects the family's financial resources it is then adjusted for family size (number of family members) and composition (number of parents and number and age of children) using the modified Organisation for Economic Cooperation and Development (OECD) equivalence scale.

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[1]   Although since the mid-1990s, Households Below Average Income (HBAI) has supplemented its traditional analysis of incomes with longitudinal analysis from the British Household Panel Survey (BHPS). These indicators of persistent poverty also appear in *Opportunity for All*, the Government's annual report on tackling poverty and social exclusion (DWP, 2007b).

In the light of no true consensus on how the poverty threshold should be identified internationally, this project defines poverty according to the Government's most often used poverty indicator – that is, income below 60 per cent of total equivalised disposable family income before housing costs.

Persistent poverty is measured using methodology adopted in the Government's HBAI series. This defines persistent poverty as being below a low-income threshold in at least three of four annual observations (the FACS interviews). The longitudinal element of FACS is used to observe poverty status at four annual observations from 2001 to 2004.

One of the main objectives of the report is to investigate whether a different policy response is necessary for targeting persistently poor families compared to poor families, per se. Hence, the report also defines families who were temporary poor as those who were poor in one or two of the four annual observations. The data is then used to discuss how the circumstances of the persistently poor differ from those of the temporary poor.

How many families with children experience persistent poverty?

On average, around one-fifth of families with children were below the low-income threshold at each of the four years under investigation – this point-in-time measure of low income ranged from 18.3 per cent (in 2004) to 19.9 per cent (in 2001 and 2002). Approximately two-fifths (38 per cent) of families with children experienced at least one year of low income during this period. Over one in ten (12 per cent) of families with children experienced persistent poverty during the period 2001 to 2004. One-quarter (26 per cent) of families were temporary poor, that is poor in one or two of the four-year period.

What are the financial resources of persistently poor families with children?

Persistently poor families received markedly less average income (under £200 equivalised income per week) than temporary poor families (£245), and only slightly more than half of this income came from earnings. Persistently poor families were significantly more likely than temporary poor families to have difficulties saving regularly, paying household bills and making money last. Indeed, persistently poor families had a significantly higher risk of repeatedly experiencing a range of disadvantaged financial circumstances, including:

- having no access to a current or savings account (ten per cent of persistently poor families and four per cent of temporary poor families);

- not saving regularly (65 per cent and 51 per cent);

- being behind with household bills (32 per cent and 21 per cent);

- being in debt (38 per cent and 24 per cent);
- being behind with loan repayments (seven per cent and four per cent);
- running out of money (27 per cent and 16 per cent);
- having financial worries (23 per cent and 14 per cent).

What are the living standards of persistently poor families with children?

The financial problems that persistently poor families face are likely to have repercussions for all members of the family, including children. Children in persistently poor families were more likely than children in temporary poor households to be at risk of poor outcomes across a number of *Every Child Matters* domains[2], including:

- going without regular physical exercise (12 per cent compared to eight per cent);
- being suspended or expelled from school (11 per cent compared to six per cent);
- being in trouble with the police (five per cent compared to three per cent);
- living in bad housing (48 per cent compared to 33 per cent);
- lacking a number of material deprivation items (3.9 items compared to 2.6 items);
- facing multiple (three or more) negative outcomes (28 per cent compared to 18 per cent).

It should also be noted that certain child outcomes did not appear significantly more likely for children in persistently poor families. These include being bullied and being offered illegal drugs (this information was collected from secondary school children only).

What are the characteristics of persistently poor families with children?

The types of families with children at risk of persistent poverty, rather than temporary poverty, was explored using characteristics from the most recent wave of FACS (2004). This provided evidence that attempts to explain the key factors associated with longer-term, rather than shorter-term, experiences of low income. Certain families with children were more likely than others to experience persistent,

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[2]   Although some of these differences are small, they are statistically significant (p<0.05).

rather than temporary, poverty. Predictably, work was seen as a good protective factor from persistent poverty for both lone-parent and couple families. However, the risk of persistent poverty was high for couple families where only one parent worked for 16 or more hours per week, particularly if it was the mother working. Being without work for a number of years increased the risk of persistent poverty even further. Other factors that were associated with an increased likelihood of persistent, rather than temporary, poverty include not having access to a car (for a lone mother) and, for couple families having a Black or Minority Ethnic (BME) mother and parents with no qualifications.

What are the implications of this research for policy?

The evidence from FACS suggests that outcomes for persistently poor families are particularly adverse – almost one-half of children in these families live in bad housing and one in five have a long-standing illness or disability. Despite this evidence, there are no concerted policy measures to tackle persistent poverty above those designed to tackle poverty in general. One reason for this is because poverty is still commonly viewed from a point-in-time perspective, that treats the poor as an homogenous group. Policy clearly needs to adapt to the diverse experiences of poverty.

Although many of the determinants of transient poverty are linked to persistent poverty, there is a danger that more general policies may not work for families with the most entrenched problems. It is generally acknowledged in the poverty literature that there are certain factors that increase and maintain the risk of persistent poverty. This research has validated that often sited finding that being without regular work is a key influence on poverty. Given that families without work are also likely to experience the range of other disadvantages listed above, employment policy needs to work alongside policies designed to contend with these other hardships. Policy also needs to ensure that when work is found it is secured and sustained.

This research has also shown that temporary, or short-term, work is also an important employment outcome that reduces a family's propensity to experience persistent poverty (when compared to a family with no worker). One-half of lone-parent families and two-fifths of couple families who experienced persistent worklessness, also experienced persistent poverty; for families temporarily in work over the period, rates of persistent poverty reduce substantially.

Finally, this research has also shown that having only one worker in the household does not always protect couple families from persistent poverty. Therefore, policy must recognise that work is not always possible for all parents at all times, particularly during periods of ill health and concentrated times of childcare.

1   Introduction

The aim of this project is to gain a fuller understanding of the circumstances of families with children that experience persistent poverty. This introductory chapter provides the rationale for the project and begins with a succinct account of the current research evidence on families with children in poverty – with particular focus on families in persistent poverty. The chapter then moves on to describe how this project will add to the current evidence on persistent poverty by outlining the main research questions the project will investigate. The project uses data from the FACS and the final part of this chapter briefly discusses the content of FACS and its analytical capabilities.

1.1   Poverty among families with children

The Government has made a commitment to end child poverty by 2020 (HM Treasury, 2004) and also to focus effort on improving the lives of the most disadvantaged members of society (Cabinet Office, 2006). The Government's latest statistics on child poverty reveal that approximately 20 per cent of families with children are living below the low-income threshold – set at 60 per cent of total equivalised disposable household income before housing costs[3] (DWP, 2007a). The Government has succeeded in arresting and reversing the long-term trend in rising child poverty, lifting approximately 600,000 children out of relative poverty since 1998, and the UK made the biggest improvement since 1997 of any EU country (DWP, 2007b).

However, there are some commentators who predict that the Government will fail to meet its commitment to end child poverty by 2020 (Hirsch, 2006). Brewer *et al.* (2007) estimate that the Government is falling behind in attempts to meet a provisional target to reduce child poverty by half by 2010. One of the reasons that the Government may fail to eradicate child poverty is that current social and economic policies are failing to reach families with the most severe and persistent (or recurrent) economic problems.

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[3]   Measures of income poverty and the definition of poverty used in this project are discussed in Chapter 2.

The Government's own figures show that between 1991 and 2004, around one-fifth of families spent five or more years in poverty (DWP, 2007a). Indeed, over the period the incidence of persistent low income – defined as living below 60 per cent of median income for three or more years of any four-year period – has changed little for the whole population. However, there has been a reduction in persistent low income for households with children and for pensioners (DWP, 2007a), and income growth has been most marked amongst lone parents – although they remain, on average, poorer than couple families with children (Brewer *et al.*, 2005). In fact the incidence of persistent low income for children has fallen by six percentage points since 1999/2002, and at 11 per cent over the latest recorded period (2002/05), was lower than it was at any time during the 15-year period since 1991 (DWP, 2007c).

At the heart of the Government's target to eradicate child poverty is the evidence that living in poverty is linked to detrimental outcomes for families with children, both now and in the future. There is a wealth of evidence that links living on a low income to other disadvantages. For example, the latest *Opportunity for All* report shows that children born into poverty are more likely to have a lower birth weight, higher infant mortality and poorer health than better off children (DWP, 2007b). Research has shown a relationship between poverty in childhood and well-being as adults, demonstrating that child poverty can leave a damaging long-term legacy, regardless of other family circumstances (Blanden and Gibbons, 2006).

1.2   Aims of the report

The project will seek to answer a number of distinct research questions:

• How many families with children experience persistent poverty?

   Persistently poor families will be defined using methodology adopted in the Government's HBAI series (DWP, 2007b). This will be used to count the prevalence of persistently poor families with children and also provide comparison groups for analysis in the rest of the report.

• What are the financial resources of persistently poor families with children?

   The prevalence and financial resources of persistently poor families will be explored, including their income levels, main sources of income and amount of debt. The project will look at how persistently poor families manage their money and how they feel about their financial situation.

• What are the living standards of persistently poor families with children?

   There is a wealth of information on the living standards of families with children who are currently poor but rather less evidence on the association between living standards and persistent poverty. The analysis presented in this report looks directly at these issues and pays particular attention to the likely impact of living in persistent poverty on outcomes for children.

• What are the characteristics of persistently poor families with children?

The project will explore a variety of characteristics of persistently poor families with children and how they compare to other families with children, notably those in temporary poverty and those who avoid poverty. Various circumstances of the parents and children in these families will be explored, including work status, education and health, plus attitudes of parents to work and poverty.

1.3 The Families and Children Study

The report uses data from the 2001 to 2004 waves of the FACS. FACS is a series of annual surveys to investigate the circumstances of British families with dependent children[4]. The study began in 1999 with a survey of all lone-parent families and low-to-moderate income couples. In 2001, the third annual study was enlarged to be representative of all families with dependent children.

The FACS surveys are carried out via a face-to-face interview with the mother (and her partner in couple families). In 2003 and 2004 the surveys included a self-completion questionnaire that was completed by dependent children aged 11 to 15 years. One of the main objectives of FACS is to provide information on general family welfare issues, including the Government's long-term targets to eradicate child poverty. Some of the main themes covered in the survey are presented in Box 1.1.

One of the most important features of FACS is that it is a panel study. This means that the same families are interviewed year on year. This provides a number of approaches to interrogate the data. The survey can be used as a standard cross-sectional survey to look at estimates of family behaviour in a particular year[5] and repeated waves of the survey mean these cross-sectional estimates can be compared from one year to the next to create a trend analysis. However, the greatest benefit

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[4]   A family comprises of at least one dependent child and at least one adult who is responsible for this child. A dependent child is defined as any resident child aged 16 years or under, or aged 17 or 18 and in full-time education. The adult responsible for the child can be the child's natural or adoptive parent, or the legal guardian(s) to whom Child Benefit is paid. The definitions used in FACS mean that families cannot span more than two generations, so, for example, children, parents and grandparents living together are not considered to belong to the same family – the grandparents would form a separate family unit. However, the exception to this is where the grandparents are responsible for looking after the grandchildren; in which case the parents are likely to be deceased or living outside the household and are not part of the family unit.

[5]   The panel sample is topped up with a booster sample of new families to ensure FACS is representative of all families with children in Britain in each year.

of panel surveys such as FACS is that by returning to the same families year after year, they allow observations of dynamic behaviour and experiences. It is this type of analyses that is particularly useful for this project, as it can be used to answer questions such as: how many persistently poor families had consistent money worries over the period 2001 to 2004? Did the intention to find a job reduce the longer a parent experienced poverty? and so on.

The analysis presented in this report uses information from FACS 2001 to 2004[6]. There are two main reasons why information from FACS 1999 and 2000 is excluded from this report: First, FACS 1999 and 2000 included only lone-parent families and low/moderate-income couple families with children[7]. It was only in 2001 that FACS covered all families with children and from this point comparisons between lone-parent and all couple families were possible. Secondly, the majority of FACS fieldwork takes place in winter each year (between September and January), meaning year-on-year analysis is based on observations approximately 12 months apart. However, in 1999 and 2000, FACS fieldwork took place in the summer, which meant that for some families, interviews in 2001 took place up to 18 months after the 2000 interview. Such a gap can substantially affect analysis, particularly analysis that uses information from subsequent waves.

The majority of analysis in this report uses information from families that took part in FACS continuously from 2001 through to 2004. There are various reasons why families drop out of FACS. Some drop out of the study through choice, some because of non-contact (attempts to trace and re-contact these families are made in the following wave) and some because they are no longer eligible for the study (for example, because the youngest child in the family has reached 'adult' status).

The process of dropping out of FACS is not random, certain groups or types of families are more likely to leave the panel than others – most notably those with younger parents and lone parents (Phillips *et al.*, 2003). Failure to take this sample attrition into account will mean that longitudinal analysis of year-on-year change will not be representative of all families with children. Consequently, the longitudinal analysis presented in this report uses the longitudinal weight constructed to account for attrition amongst panel cases from 2001[8].

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[6]   Data from FACS 2005 was not available at the time of this research.

[7]   Longitudinal analysis of lone-parent families and low/moderate-income families can, of course, benefit from the extra two years of information.

[8]   For further information on the weighting procedure applied to FACS, see the FACS user guide Hoxhallari *et al.* (2007).

Box 1.1 Main themes covered in FACS 2004

Mother's interview

Information about the family unit:

- family composition;
- relationship histories and contact with non-resident parents;
- housing;
- receipt of social security benefits;
- receipt and the renewal process of New Tax Credits;
- other income and savings; and
- expenditure and hardship.

Information about the main respondent herself:

- education and training;
- health;
- caring responsibilities;
- employment and self-employment;
- work history; and
- unemployment and job search.

Information about each specific dependent child:

- health;
- school and education;
- problems and use of local services;
- parental aspirations for children; and
- childcare arrangements.

Partner's interview

For couple families, a short interview was carried out with the partner, including questions on:

- education and training;
- health;
- employment and self-employment;
- earnings;
- unemployment and job search; and
- caring responsibilities.

A proxy interview was carried out with the mother if the partner was not available for interview. The proxy partner interview collected information on:

- current or recent work status, including industrial and occupational classification;
- earnings;
- qualifications.

Child self-completion questionnaire

In 2003 and 2004 all children aged 11 to 15 in the family were invited to complete a short self-completion questionnaire, which included questions on:

- activities in spare time;
- visiting friends;
- cigarette, alcohol and drug use;
- school life; and
- opinions about the local neighbourhood and the family.

2　The incidence of persistent poverty among families with children

This chapter sets out how this project defines persistently poor families using FACS data. The chapter begins with a brief discussion of using low income as an indicator of poverty and describes how family income is collected in FACS. There follows a description of the poverty threshold used in this project and how persistent poverty is defined. The chapter concludes with an analysis of the prevalence of persistently poor families with children over the period 2001 to 2004.

2.1　Using low income as an indicator of poverty

Traditionally, the understanding of poverty has focused upon distributional issues: the lack of resources at the disposal of an individual or household to ensure a suitable standard of subsistence or living. Despite the abundance of theoretical work in the conceptualisation of poverty, it is only relatively recently that the British Government has adopted an official low-income threshold (for children).

This 'official' conceptualisation of poverty is provided in the Government published annual series of statistics called *HBAI*, first published in 1988[9] (for the latest version see the DWP, 2007a). The concept of poverty used in the HBAI series is regarded primarily according to living standards. The HBAI series presents *'attempts to measures people's potential living standards as determined by disposable income'* (DWP, 2007a). The HBAI series acknowledges that income is not always a complete reflection of actual or potential living standards and, more recently, the Government has incorporated material deprivation in its measure of child poverty (DWP, 2003).

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[9]　Prior to the HBAI series the government produced the Low Income Families (LIF) statistics, which concentrated on showing the numbers of people living on, below and up to 140 per cent of Supplementary Benefit/Income Support (IS).

Income is used as the primary indicator of resources in contemporary research for a number of reasons: Income is a resource that individuals, and households, have a reasonable amount of control over how to use and, although perhaps to a lesser agree, to acquire. It is also a resource that governments, usually through the workings of the welfare state, can administer to individuals and households in an attempt to maintain reasonable levels of subsistence in the population[10]. In addition, income is well understood, and can also be used to compare groups and countries.

Critics of the income measure argue that it is problematic to determine what is meant by a minimum level of subsistence, or living standards, and to equate this with a sum of money from which this can be achieved (Gordon *et al.*, 2000). Others point to the many other factors beside income that provide resources, including the ability to borrow money and participation in the informal economy (Ringen, 1985). Even amongst those that agree that income is an adequate indicator of resources, there are many who note the measurement of income is fraught with problems, including what to count as income and what not, and the fact that particular sources of income are likely to face differential measurement error in surveys (Taylor *et al.*, 1994). There has also been much research that has questioned the way in which income measures generally account for needs of households by assuming income is shared amongst household members (for example, Millar and Glendinning, 1989 and Middleton *et al.*, 1997).

Probably the most common method of measuring poverty according to income levels is through the construction of purely relative poverty lines. In this approach, those who fall a certain distance below the average income level are understood to live in income poverty. Relative income levels are particularly relevant for cross-country comparisons or for measuring poverty over time for a particular country. However, the method discounts improvements in living standards of low-income groups that are shared by the rest of the population or differences in average living conditions across countries (Callan and Nolan, 1994). Veit-Wilson (1998) argues that relative income poverty lines represent nothing more than an abstract statistical construct that have no independent validity as an empirical indicator of poverty. Despite this criticism, the Government's measuring child poverty consultation found that it was clear that income was central to most people's understanding of poverty (DWP, 2003).

Despite the criticisms of adopting a relative measure of poverty and in the light of no true consensus on how poverty should be measured, this project will define poverty according to the Government's most often used poverty indicator – that is, low income or, more precisely, below 60 per cent of median total equivalised

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[10]   Another way of looking at poverty is through expenditure rather than income. Both income and expenditure reveal different aspects of poverty and each has its own strengths and weaknesses. Atkinson (1989) argues that an income measure is about a right to a minimum level of resources, while expenditure is about a standard of living that can be achieved.

disposable household income before housing costs. The construction of this measure using FACS data is explained in the following sections.

2.2   Measuring total family income in FACS

FACS measures family income via a number of questions asked to the main respondent (and her partner, in couple families) that cover all of the family's sources of income. A measure of total disposable family income is calculated by adding together these sources and then deducting taxes, National Insurance and pension contributions. Council Tax payments (seen as an unavoidable tax) are also deducted. Total family income, therefore, includes the following components:

• usual net pay from employment;

• all social security payments (including Housing Benefit (HB), but not any elements of the Social Fund);

• Working Tax Credit (WTC) and Child Tax Credit (CTC);

• income from occupational and private pensions;

• imputed income from investments;

• child maintenance payments;

• the value of benefits passported with Income Support (IS) and tax credits, if claimed.

Total family income provides an amount of income that a family has to spend before housing costs. In other words, gross housing costs, defined in the study as rent and mortgage interest payments, are **not** subtracted from the overall amount.

FACS does not collect information for household members outside the immediate family unit, and so here we use total family income rather than total household income[11]. This report does not consider the income of families where at least one parent was self-employed. Income is not currently derived for the self-employed in the FACS survey. Some low-income studies have noted issues relating to the findings among the self-employed group, which can be anomalous in relation to living standards. The HBAI, 2005 report states: *'…it should be noted that a significant proportion of this group* [self-employed] *are believed to report incomes that do not reflect their living standards and that there are recognised difficulties in obtaining timely and accurate income information from this group'* (DWP, 2005)[12].

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[11]   Here there is a slight inconsistency with the HBAI statistics, which are based on households rather than families.

[12]   It should be noted that HBAI does include income statistics for the self-employed.

A problem with this measure of family income is that the size and composition of the family is not taken into account and therefore, total family income is not necessarily a true reflection of the family's financial resources and hence, its living standards. For example, a couple family with four children that receives £200 per week is unlikely to have the same living standards as a lone-parent family with one child that receives the same amount – the couple family has £200 to resource six people whilst the lone-parent family has the same money to resource just two people.

The equivalisation of income is the process by which total income is adjusted for family size (number of family members) and composition (number of parents and number and age of children). There are a number of equivalisation methods and the one used in this report is the modified OECD equivalence scale, which is also now used in the HBAI series.

Box 2.1 The modified OECD equivalence scale

The main equivalence scales used in HBAI are the modified OECD scales. Two separate scales are used, one for income BHC and one for income After Housing Costs (AHC). The BHC scale is used in this study and the values of the scales are shown in the table below.

Equivalence scale values (BHC)	
Person	**Equivalence scale**
Couple	1.5
Lone parent	1.0
Children aged under 14 years	0.3
Children aged 14 years and over	0.5

The construction of household equivalence values from these scales is straightforward. The equivalence scales take a single person as the reference point, with an equivalence value of 1.0. Each child aged under 14 is given a weight of 0.3 and each child aged 14 years and over is given a weight of 0.5 (as is the spouse in a couple family). For example, the equivalence value for a family containing a lone parent with a four-year-old and a 14-year-old child would be 1.8 from the sum of the scale values:

$1.0 + 0.3 + 0.5 = 1.8$

This implies that this family needs 80 per cent more income than a single person without children to have the same standard of living.

For further information on the equivalisation process, see DWP (2007a).

2.3   Measuring income poverty in FACS

This study uses the same definition of poverty as used by the Government in its child poverty Public Service Agreement (PSA) target – which states that a household is deemed to be poor if its equivalised weekly net household income before housing costs falls below 60 per cent of the whole population median income. This definition also matches the agreement reached at the Statistical Program Committee of the European Union in 1998, which recommended preference for the use of the 60 per cent of median income as the indicator of income poverty.

To ensure that the proportion of families with children in FACS matches those produced in official Government statistics, estimates from the Government's HBAI series were applied to the FACS dataset. This was done by ordering the FACS data on the basis of family income, once the self employed were excluded[13], and determining the level of income in the FACS data equivalent to the proportions in poverty in HBAI. These levels of income are used to identify poor families in FACS. For example, HBAI estimates for 2001 indicate that 19.9 per cent of households with children were living in income poverty. Consequently, in this study, the poverty threshold for 2001 is drawn at a point that identifies 19.9 per cent of families[14] with children in FACS as living in poverty. The poverty rates for families with children for 2001 to 2004 are presented in Figure 2.1.

Figure 2.1   Percentage of families with children living in income poverty 2001/04, according to the Households Below Average Income series (DWP, 2007a)

Base: Families with children.

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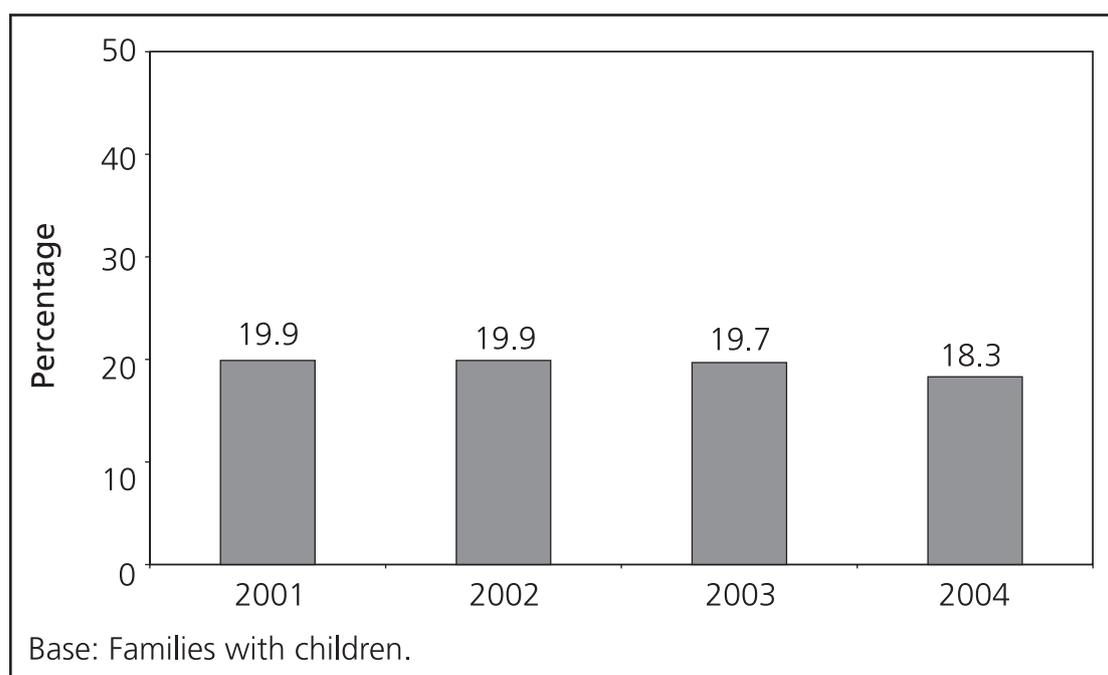
13   As discussed in Section 2.2.

14   FACS unit of analysis is the family rather than the household.

2.4   Measuring persistent poverty in FACS

Various research on low income has found that individuals experience different durations of low income (DWP, 2007b; Smith and Middleton, 2007, which includes a summary of ways in which persistent poverty is measured). This implies that the cross-sectional low-income population is heterogeneous, comprised of those who experience low income for varying lengths of time. This report uses four years of FACS data to investigate issues of persistent poverty.

The choice of the length of period over which to observe family income is restricted by the availability of FACS data. At the time of the research, six waves of FACS data were available, covering the period from 1999 to 2004. However, as the first two waves of FACS cover only lone-parent and low/middle-income couple families, the latest four waves of FACS are used in this research. Hence, this data covers all families with children from 2001 to 2004.

Having a short observation period means that there is relatively little information from which to categorise patterns of low income. Categorising patterns of low income is complicated by the fact that some starts and ends of poverty spells are not observed in the data (the problem of 'censoring'). However, having a shorter observation period means that attrition is less of an issue and the sample for whom four waves of data are available are more representative (and larger) than samples using longer observation periods.

This research, therefore, uses a relatively straightforward summary measure of persistent poverty. The methodology used to identify persistently poor families mirrors that developed for the HBAI series (DWP, 2007a) and used in *Opportunity for All* (DWP, 2007b). This methodology counts the number of times a family was observed to be poor at the four consecutive annual FACS interviews[15]. Family longitudinal poverty status classifies individuals into three categories:

- 'Not poor' – Not poor at any of the four annual interviews;

- 'Temporary poor' – Poor at one or two interviews; and

- 'Persistently poor' – Poor at three or four interviews.

Persistent poverty, therefore, is defined as having income, before housing costs, below 60 per cent of the median (the low-income threshold) at three or four of the four annual FACS interviews from 2001 to 2004[16].

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[15]   As the observations are annual it is possible that a family could have been poor in between interviews.

[16]   None of the analysis takes into account how poor families were when they were poor (the shortfall of income below the poverty line) or the extent to which income was above the poverty line during periods that families were not poor.

Figure 2.2 presents a count of the number of times a family had income below the low-income threshold between 2001 and 2004 – from a minimum of zero (not below the low-income threshold in any of the four years) to a maximum of four (below the low-income threshold in all of the four years).

Figure 2.2   Number of times families with children were living in poverty, 2001/04

Base: Families with children who took part in all waves of FACS from 2001 to 2004, excluding families with a self-employed parent.
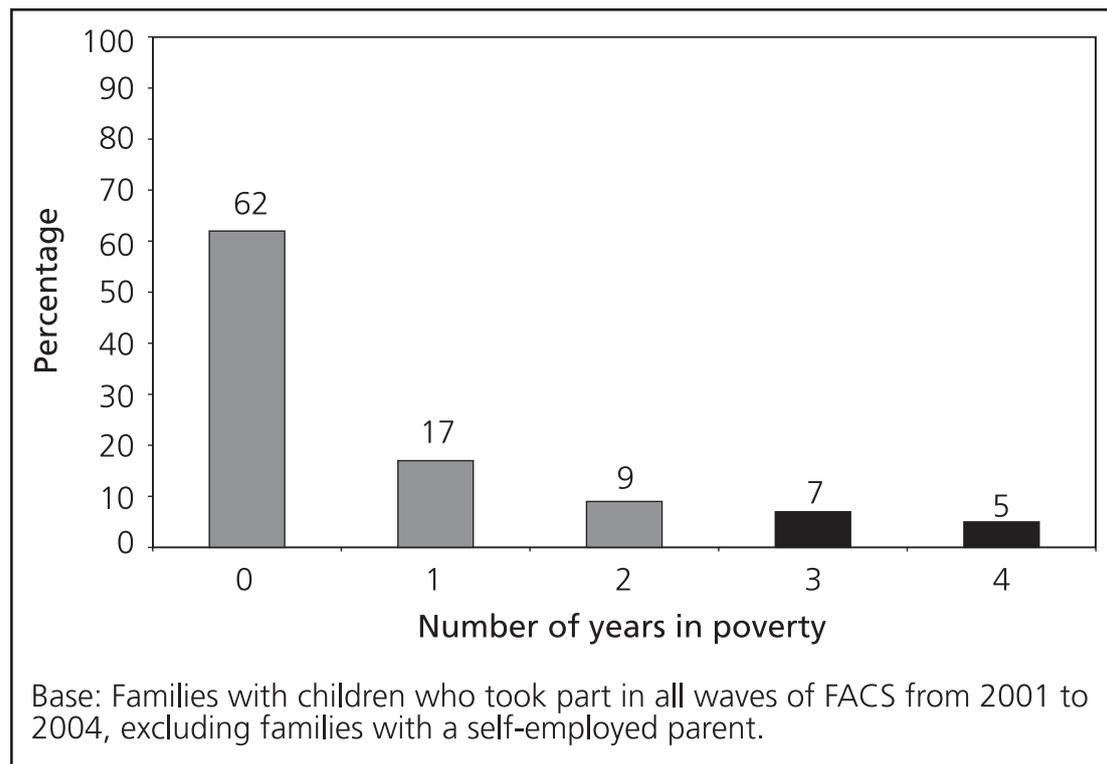
Over one in ten (12 per cent) families with children were in persistent poverty during the period 2001 to 2004. Over six in ten (62 per cent) families with children did not record income below the low-income threshold in any of the four years and a quarter (26 per cent) were poor in one or two years – the temporary poor. Comparisons of persistently poor families with families who were not poor and families who were temporary poor, are used throughout the report to help highlight the circumstances of persistently poor families[17]. Particular focus is given to investigating how persistently poor families are different from temporary poor families. We also look at how these families compare to those poor in the latest wave of FACS (2004), as it is families defined as poor at a point in time that traditional measures of poverty focus on.

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[17]   The temporary poor group of families is not homogenous and contains, amongst other categorisations, families that have escaped or entered poverty over the period. These two groups of families, in particular, are likely to have quite distinct outcomes related to their poverty transitions and further investigation of these families is beyond the scope of this report.

The actual number of families in FACS in each of the longitudinal poverty categories is given in Table 2.1.

Table 2.1   Longitudinal poverty status of families with children, 2001/04

Longitudinal poverty status	Per cent	*Unweighted count*
Persistently poor	12	*461*
Temporary poor	26	*909*
Not poor	62	*2,123*
All families with children	100	*3,493*

Base: Families with children who took part in all waves of FACS from 2001 to 2004, excluding families with a self-employed parent.

2.5   Summary

Approximately one in five families with children are income poor at any one point but taking a dynamic approach to measuring poverty reveals that point-in-time measures underestimate the number of families who experience poverty over a four-year period. Almost two in five (38 per cent) families with children experienced poverty at least once in four annual FACS interviews from 2001 to 2004.

This report uses FACS to define persistently poor families as those with income, before housing costs, below 60 per cent of the median at three or four of four annual interviews from 2001 to 2004. Over one in ten (12 per cent) families with children were persistently poor during this period according to this definition.

The rest of this report adopts the longitudinal poverty categories to investigate the circumstances of families living in persistent poverty. This begins by looking at the financial circumstances of families and then moves on to focus on the living standards of children. Particular attention is given to the circumstances of persistently and temporary poor families, to understand the impact of persistent poverty rather than poverty, per se.

3 The financial circumstances of persistently poor families with children

This chapter explores the financial circumstances of persistently poor families with children, looking at the average amount of income families have per week and the sources of this income – for example, how much of it is made up of wages, benefits and tax credits. The chapter then focuses on subjective measures of how families cope on low income, looking at the use of current and savings accounts, debts, financial management and money worries.

Throughout the chapter the main comparisons of financial circumstances are made between families in persistent poverty and families in temporary poverty. This is to help determine the key distinctions between persistent and temporary poor families. Unless otherwise mentioned in the text, the proportion of families in persistent poverty with disadvantaged financial circumstances (e.g. without a bank account) is significantly different ($p<0.05$) than the proportion of families in temporary poverty with the same circumstance. For example, ten per cent of families in persistent poverty did not have access to a bank account throughout the four-year period. This is higher than, and significantly different from, the four per cent of families in temporary poverty that had no access to a bank account over the same period.

3.1 Income levels and sources of income

Section 2.2 has described how family income is calculated in FACS – by totalling the various sources of income a family receives and has to spend before housing costs. Figure 3.1 presents the average (median) total weekly amount of income families received according to their longitudinal poverty status. In this analysis

income has been uprated in line with prices and averaged over the four years of the study. It is also equivalised to take into account family size and composition.

Figure 3.1   Median total weekly amount of equivalised income, 2001/04

Base: Families with children who took part in all waves of FACS from 2001 to 2004, excluding families with a self-employed parent.*

* The analysis in this report uses families that took part in all waves of FACS from 2001-2004, excluding families with a self-employed parent. To simplify the base description of tables and charts presented throughout the report, terms such as 'Families with children' and 'Children' will be used.

It is clear from Figure 3.1 that persistently poor families had a markedly lower family income over the four-year period than other families. The average weekly income for persistently poor families was less than £200 per week (equivalised income). This compares to an average weekly income of over £290 for families who avoided poverty over the period.

Figure 3.1 presents the proportion of total weekly family income derived from earnings, WTC, CTC, IS, all other benefits combined, maintenance payments and all other income sources combined. It shows that earnings demonstrate the greatest variation across families. Persistently poor families are less likely than other families to have earnings making up the majority of family income. Earnings

makes up only slightly more than half of the income of persistently poor families, compared to nearly 80 per cent of the income of families who avoided poverty over the period. A greater proportion of the income of persistently poor families is provided by tax credits and benefits.

It is evident from Figure 3.1 that families measured as income poor at a point in time sit somewhere between persistently poor and temporary poor families. This is because the longitudinal information available in FACS allows the categorisation of income poor families into those that have experienced low income temporarily and those that have experienced low income persistently. The point-in-time measure is, therefore, a combination of families with these different experiences.

3.2   Current and savings accounts

Access to current and savings accounts can provide persistently poor families with the means to manage and utilise financial resources. Kempson *et al.* (2004) suggest that savings can also be a key protective factor in preventing people going into debt. This section examines whether families have access to a current or savings account and looks at their reasons for saving. It also explores the borrowings of families in the last 12 months and the overall management of their finances. Figure 3.2 illustrates the proportion of families that had access to a current or savings account according to their poverty status across the four-year period.

Research by Jones (2001) has shown that financially excluded families typically lack the range of choice of credit options available to most people. One in ten (ten per cent) persistently poor families did not have access to a bank account throughout the four-year period. Over the same period, four per cent of families in temporary poverty had no access to a bank account.

As well as having implications for using legitimate forms of credit, not having access to a current or savings account is likely to impact on a family's ability to save money – whether or not the family is in a financial position to afford to be able to save. Figure 3.3 looks at the saving behaviour of families over the period.

Figure 3.2   Access to a current or savings account, by poverty status, 2001/04

Base: Families with children.
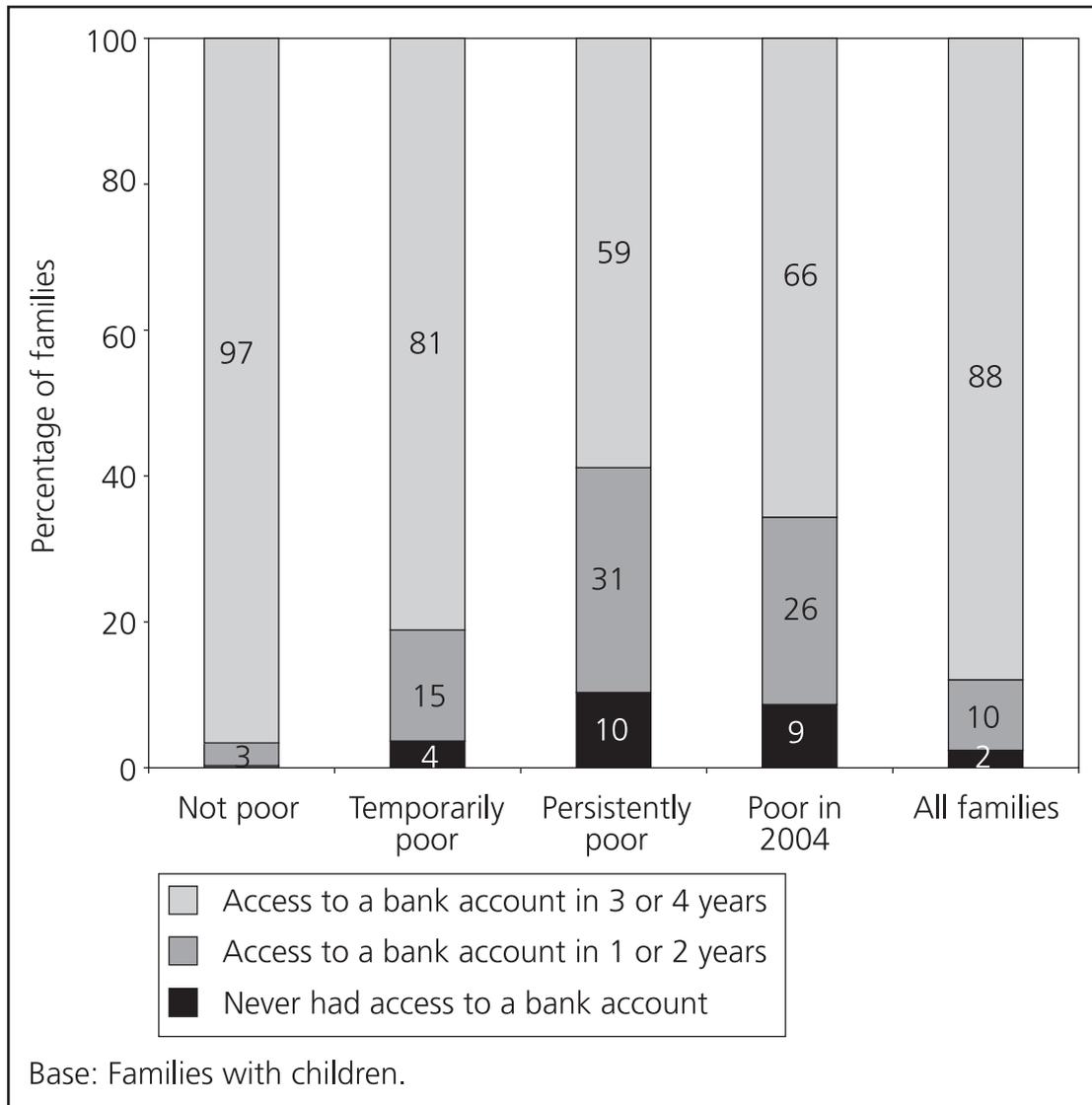
Figure 3.3 Saving behaviour, by poverty status, 2001/04
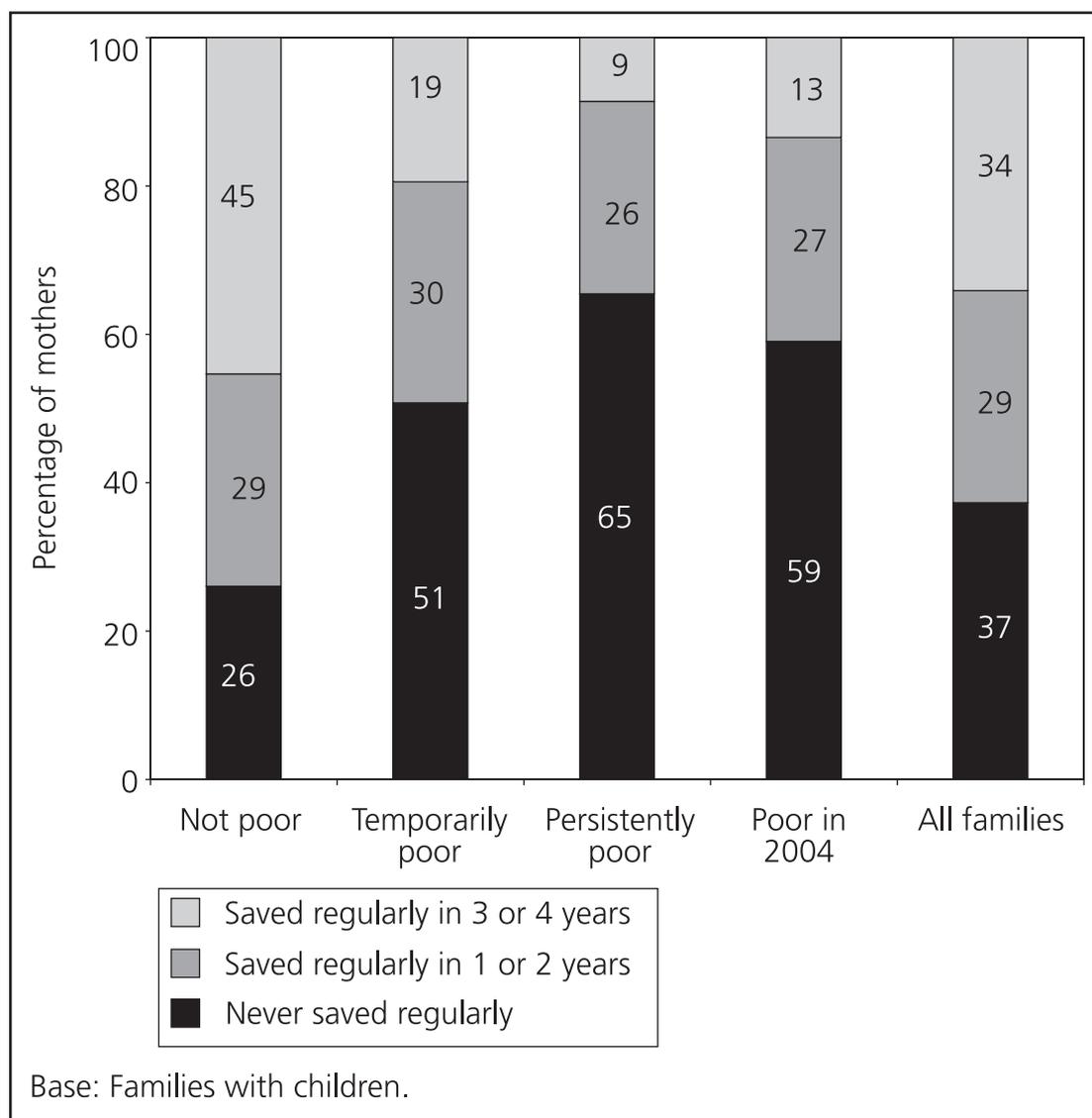
Approximately two-thirds of persistently poor families did not regularly save over the period. This is 14 percentage points higher than families in temporary poverty (65 per cent compared to 51 per cent). Only one in ten (nine per cent) persistently poor families saved regularly for three or four years over the period.

3.3 Borrowing and debt

Families who struggle financially are likely to find themselves in debt and having to borrow money to meet the need for necessities such as food and clothing, or to pay household bills. Having to borrow money or falling behind with payments can mean families face additional worries associated with increased financial deficits and liabilities.

Figures 3.4 and 3.5 look at families behind with household bills (Figure 3.4) and in debt (Figure 3.5). Regarding households bills, families are asked whether they are behind with any of the following list of bills:

- rent or mortgage payments;
- electricity, gas or other fuel bills like coal or oil;
- Council Tax;
- water rates;
- insurance policies;
- telephone bill;
- television/video rental or other HP payments;
- catalogue payments.

Figure 3.4   Behind with household bills, by poverty status, 2001/04

Base: Families with children.
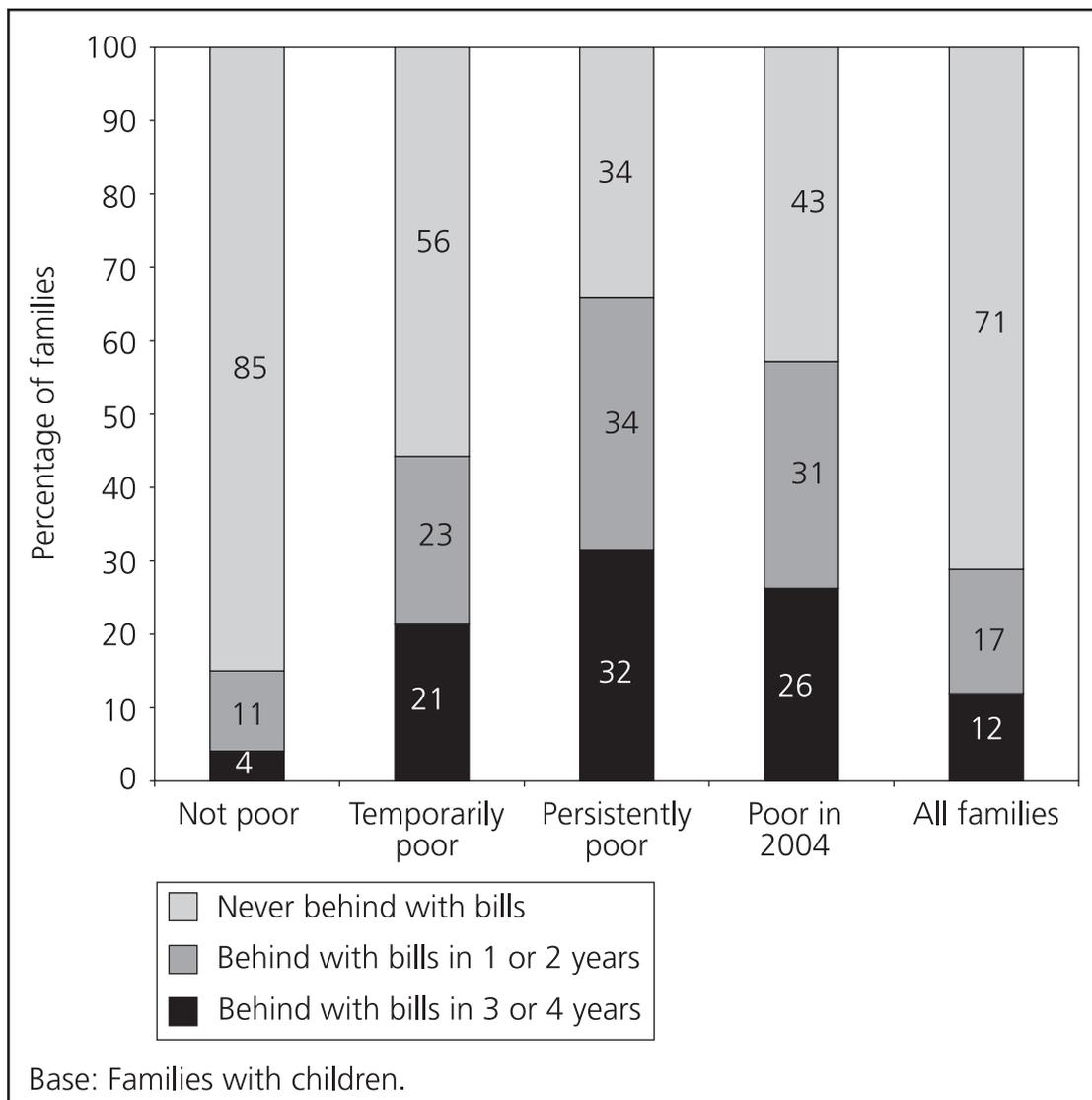
In line with the above findings, families who experienced persistent poverty were more likely to be behind with household bills. A third (32 per cent) of persistently poor families were behind with household bills in three or four out of the four-year period. This compares to a quarter (26 per cent) of families who were poor in 2004, a fifth (21 per cent) of temporary poor families and just four per cent of families who were not poor.

Figure 3.5 moves the focus on to debt. Families are asked whether they use, and have outstanding debt, on any of the following ways to borrow money:

- bank overdraft;
- fixed term loan from a bank or building society;
- loan from a finance company;
- loan from a money lender or 'tally man';
- loan from a friend or relative;
- loan, or advance on wages, from employer;
- Social Fund loan;
- remortgage house/equity release/increase mortgage;
- student loan.

Families experiencing persistent poverty were the most likely to have been in debt for three or four out of the four years. Only five per cent of families not in poverty experienced debt in three or four years compared to a quarter (24 per cent) of temporary poor families and around two-fifths (38 per cent) of families who were persistently poor. Consequently, few persistently poor families avoided touching debt over the period. Less than three in ten (29 per cent) persistently poor families avoided debt compared to half (49 per cent) of families in temporary poverty.

Figure 3.5 Debt by poverty status, 2001/04

Base: Families with children.
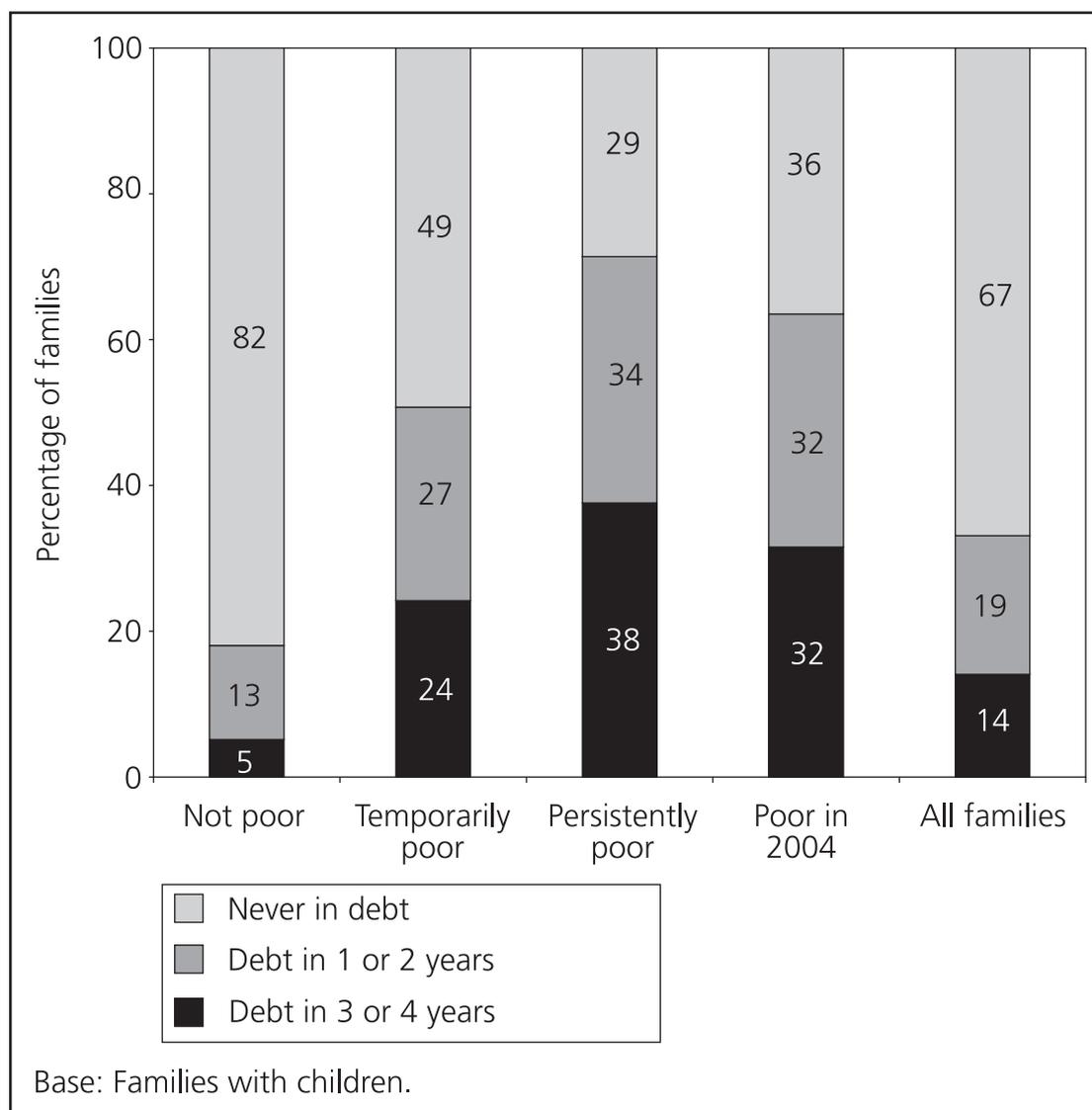
3.4 Managing family money

Living on a low income can result in a greater need for loans to subsidise household income. Loans and savings can provide families with the means to pay for unexpected bills and other living costs, as well as provide a means of purchasing one-off costly items. Previous research has shown that there is little evidence of financial mismanagement among poor families (Millar and Ridge, 2001). But changes in circumstances, inadequate incomes, accumulated debts and different approaches to managing incomes all place a strain on families' capacity to manage.

FACS asks families about getting behind with loan repayments from a bank or building society, loans from a finance company, loans from a moneylender or 'tally man', loans from a friend or relative, loans or advance on wages from an employer and Social Fund loans. Figure 3.7 looks at how often families fell behind with loan repayments over the four-year period in question.

Figure 3.6 Falling behind with loan repayments, by poverty status, 2001/04

Base: Families with children.
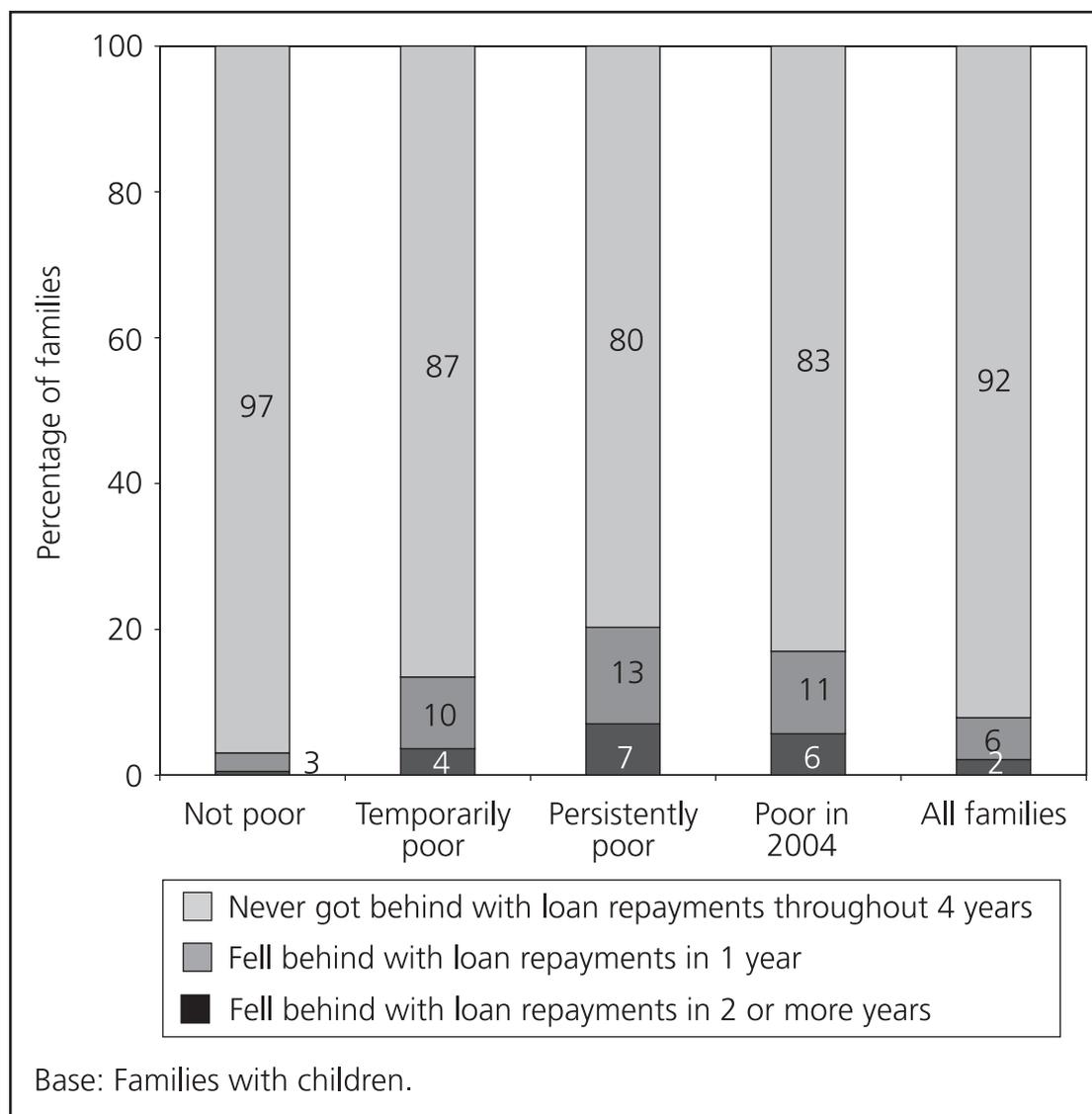
Although falling behind with loan repayments was relatively uncommon – only two per cent of all families with children fell behind with loan repayments for two or more years of the four years – persistently poor families were the most likely to do this. One in five (20 per cent) persistently poor families fell behind with loan repayments in at least one year and seven per cent fell behind in two or more years.

Respondents were asked how often they ran out of money before the end of the week[18]. Families experiencing persistent poverty were most likely to say that they ran out of money either 'every week' or 'most weeks' in at least three of the four-year period under investigation. Over one-quarter (27 per cent) of persistently poor families did so compared to just six per cent of families who avoided poverty.

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[18]   Families who budgeted monthly were asked how often they ran out of money before the end of the month.

Figure 3.7   Running out of money by the end of the week, by poverty status, 2001/04
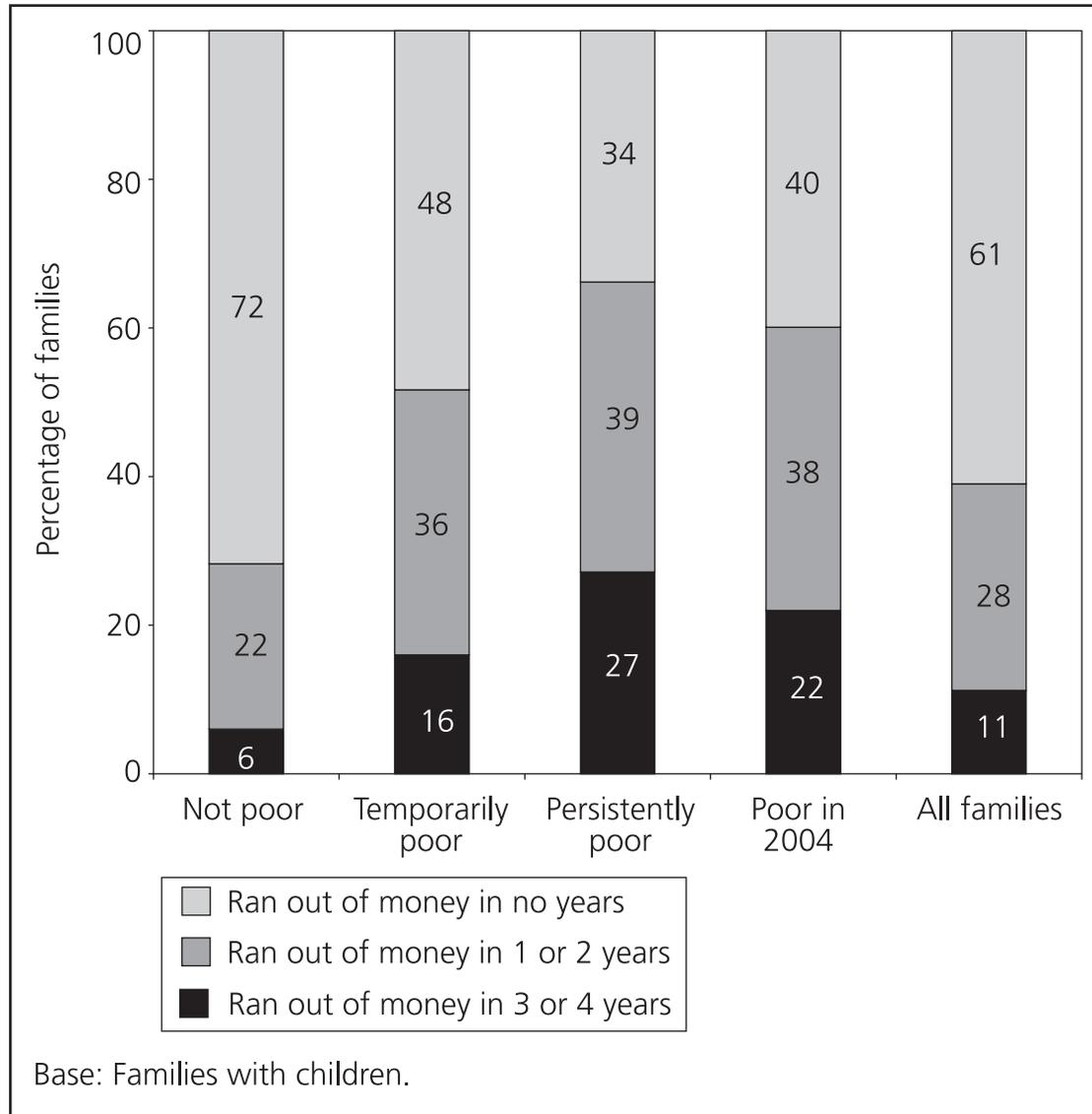
3.5   Financial worries now and in the future

Having a low income can mean families experience anxious and worrying times because of the financial difficulties they face. This section looks at how often persistently poor families experienced financial worries over the four-year period. FACS also asks families whether they think their financial situation will get better or worse in the future, so it is possible to explore how persistently poor families viewed their financial future over the period.

Figure 3.8   Money worries, by poverty status, 2001/04

Base: Families with children.
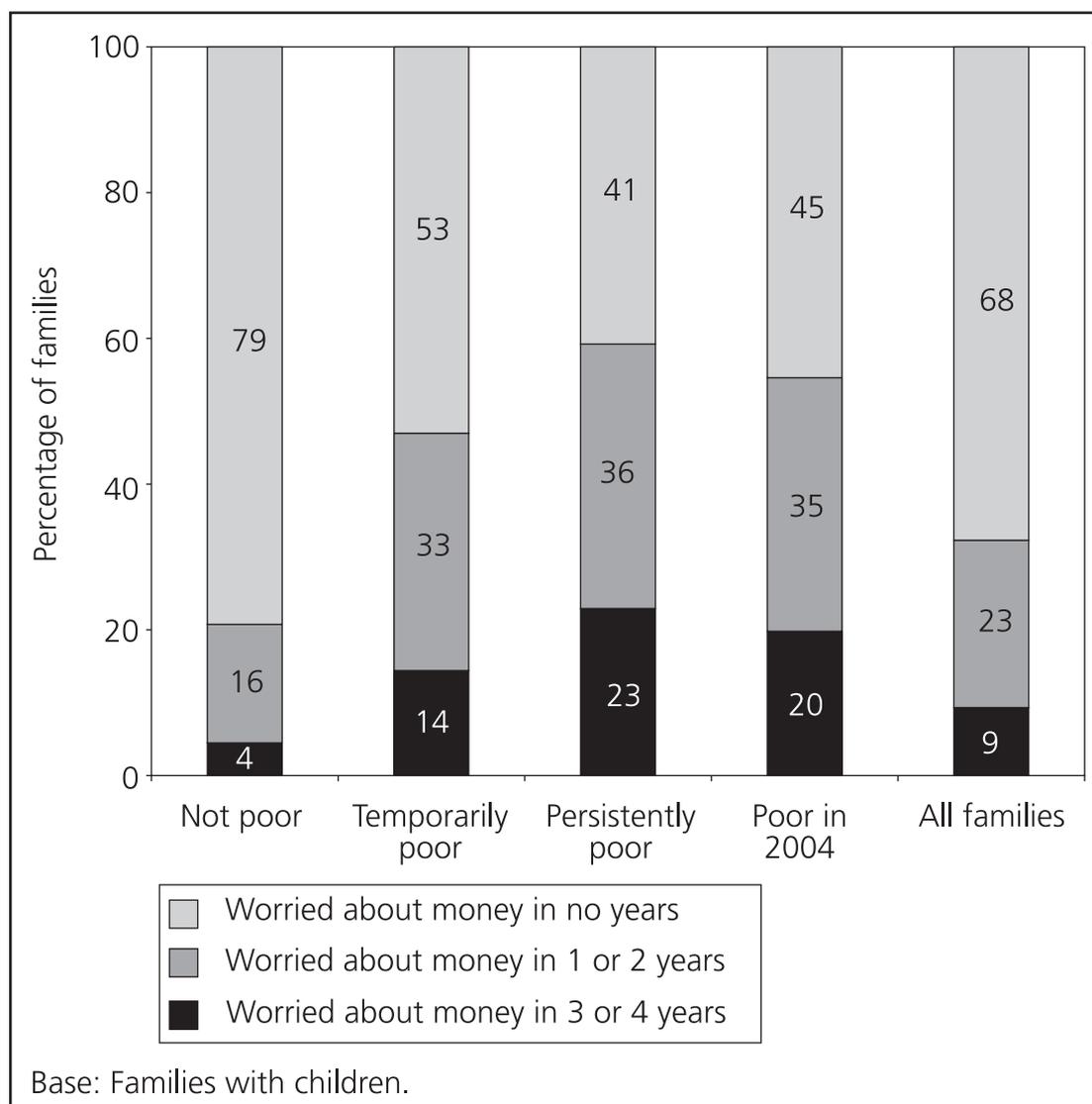
Families living in persistent poverty were the most likely to report that they were worried about money 'almost all the time'. Over the four years, a quarter (23 per cent) of persistently poor families were worried about money in three or four years compared to 14 per cent of temporary poor families and four per cent of families not in poverty.

There was no significant difference in the proportion of persistently and temporary poor families who did not think that their financial situation would improve (around one-fifth). However, families experiencing persistent poverty were more likely to anticipate an improvement at three or more of the annual interviews (50 per cent compared to 37 per cent of temporary poor families).

Despite the apparent positive aspirations for persistently poor families to improve their incomes, a substantial proportion of persistently poor families (16 per cent) repeatedly stated that they did not believe that their incomes would improve.

However, these families were not more likely to say that their finances would get worse. Only a very small proportion of families across the income distribution expected their financial situation to worsen (not shown in Figure 3.9).

Figure 3.9   Number of years in which families said they thought their financial situation would improve in the future, by poverty status, 2001/04

Base: Families with children.
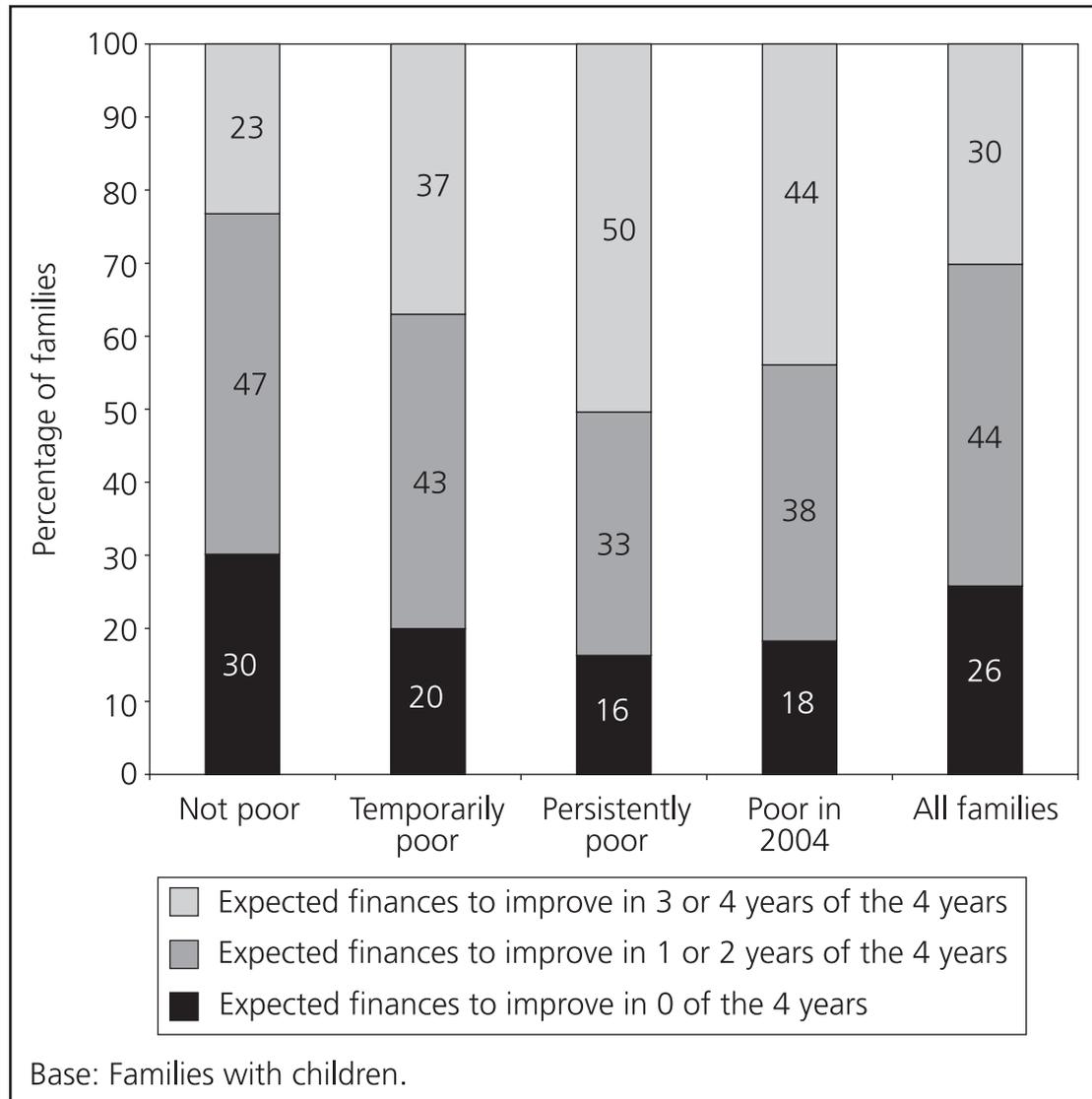
3.6   Summary

This chapter has outlined the financial circumstances of persistently poor families. The FACS data has been used to show that families with children who experienced persistent low income also faced a number of other economic disadvantages, including being unable to save and regularly running out of money. The analysis has shown that persistently poor families have a significantly higher risk than temporary poor families, of experiencing a range of disadvantaged financial circumstances, including:

- no access to a current or savings account (ten per cent of persistently poor families and four per cent of temporary poor families);

- did not save regularly (65 per cent and 51 per cent);

- behind with household bills (32 per cent and 21 per cent);

- in debt (38 per cent and 24 per cent);

- behind with loan repayments (seven per cent and four per cent);

- ran out of money (27 per cent and 16 per cent);

- financial worries (23 per cent and 14 per cent).

The following chapter looks at the living standards of children that live in families in persistent poverty.

4 The outcomes for children living in persistently poor families

There is a wealth of information on the living standards of families with children who are in poverty but rather less evidence on the association between living standards and **persistent** poverty. The analysis presented in this chapter looks directly at these issues and pays particular attention to the likely impact of living in persistent poverty on outcomes for children.

Outcomes for children are presented according to the five *Every Child Matters* domains. *Every Child Matters* is the Government's approach to the well-being of children and young people from birth to age 19 (Department for Education and Skills (DfES), 2004). The Government's aim is for every child, whatever their background or their circumstances, to have the support they need to:

- be healthy;

- stay safe;

- enjoy and achieve;

- make a positive contribution; and

- achieve economic well-being.

FACS contains a wealth of information on children and a range of indicators are used in this chapter to reflect child outcomes in each of the five domains and to examine the living standards of children living in persistently poor families. Information about children is collected from the latest wave of FACS (2004). This allows us to look at the most up-to-date information on children and also means we can make use of the child self-completion questionnaire that was asked that year to secondary school children (aged 11 to 15 years). This separate questionnaire asks children about a variety of outcomes linked to school, anti-social behaviour and happiness.

It is natural that the analysis in this chapter should be performed at the child-level – in other words, to count the number of children rather the number of families with children. This is because the majority of information used in this chapter is collected in the survey about each individual child in the family, rather than the family as a whole. For example, FACS asks about the health of each child in the family and hence, we can count the number of children living in persistently poor families that have poor health. This is an approach similar to that adopted in DWP's analysis of material deprivation amongst families with children (Willitts, 2006) and the *Britain's Poorest Children* reports, commissioned by Save The Children (Magadi and Middleton, 2005; and, Adelman *et al.*, 2003).

There were 18 per cent of children living in poor families in 2004 (this represents 2,237 of the 10,793 children in the FACS dataset). The actual number of children in each of the longitudinal poverty categories, using the 2001 to 2004 waves of FACS, is given in Table 4.1.

Table 4.1   Longitudinal poverty status of children, 2001/04

Longitudinal poverty status	Per cent	Unweighted count
Persistently poor	15	*1,006*
Temporary poor	28	*1,894*
Not poor	58	*3,937*
All dependent children	100	*6,837*

Base: Dependent children who took part in FACS in all years from 2001 to 2004.

There is a higher proportion of children, than families with children, living in persistent poverty (15 per cent compared to 12 per cent) because family size is one of the factors that contributes to persistent poverty status – with larger families with children being at greater risk of persistent poverty.

The charts in this chapter present statistics for five groups of children. Three of the groups are based on the longitudinal sample of children who took part in all waves of FACS from 2001 to 2004:

• 'Not poor' – Children who were not living in a poor family at any of the four annual interviews;

• 'Temporary poor' – Children who were living in a poor family at one or two interviews; and

• 'Persistently poor' – Children who were living in a poor family at three or four interviews.

The other two groups are based on the cross-sectional sample from the latest wave of FACS (2004):

• 'Poor in 2004' – Children who were living in a poor family in 2004; and

• 'All children' – All children in the 2004 study.

Throughout the chapter the main comparisons of child outcomes are made between children living in families in persistent poverty and children living in families in temporary poverty. This is to help determine the key distinctions between persistent and temporary poor children[19]. Unless otherwise mentioned in the text, the proportion of children in persistent poverty with negative outcomes (e.g. with poor health) is significantly different ($p<0.05$) than the proportion of children in temporary poverty with the same circumstance. For example, 12 per cent of children from persistently poor families had spent less than an hour on physical activity in the last week. This is higher and significantly different than the eight per cent of children in temporary poverty who had spent less than an hour on physical activity in the last week.[20]

4.1   Be healthy

Poverty is generally regarded as one of the contributing factors leading to poor health, mortality and morbidity affecting the population[21]. In FACS the mother is asked whether each of her children has a long-standing illness or disability.

Figure 4.1 shows that approximately one in five (19 per cent) children from persistently poor families had a long-standing illness or disability. There are small, but still significant, differences when compared with children in temporary poverty (17 per cent).

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[19]   Using the latest wave of FACS to identify child outcomes means that there may be some blurring of the relationship with the longitudinal poverty groups. This is because some of the persistently poor children, as defined in this research, may not be living in a poor family in 2004 (the definition states that to be persistently poor a child has to be living in a poor family for three or more out of four years). Likewise, a temporary poor child may be living in a poor family in 2004. However, these potential inconsistencies are likely to average out and not have a major effect on the analysis.

[20]   Note that because the longitudinal sample (2001/04) of children is different to the cross-sectional sample (2004), the 'all children' category is not a simple average of the three mutually exclusive longitudinal categories. The 'all children' category refers to all children in the 2004 survey only. This category is included in the charts to present the general incidence of the outcome amongst all children.

[21]   There is also some evidence that poor health leads to poverty.

Figure 4.1   Children with a long-standing illness or disability (in 2004) by poverty status (2001/04)

Base: Dependent children.
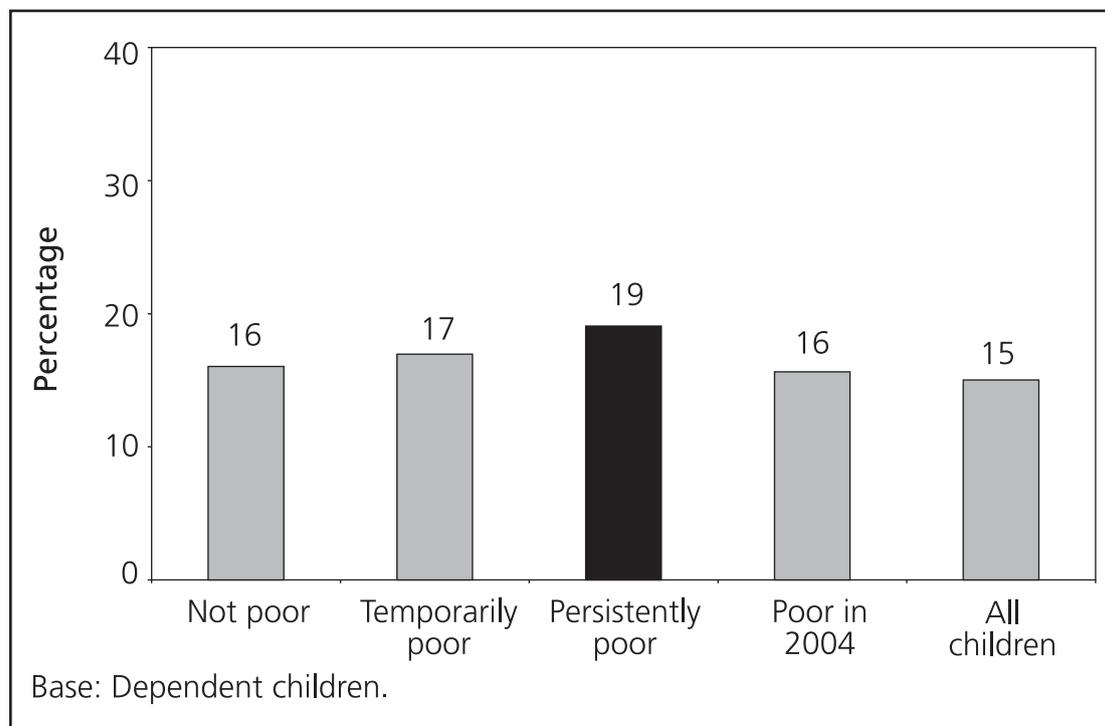
The Government is promoting healthy eating and exercise as a key way for children to be healthy and avoid obesity (for example see the National Healthy Schools programme[22] which aims to improve health and reduce health inequalities). Figure 4.2 presents data on children that spent less than an hour on physical exercise in the week prior to the FACS interview.

Again, children from persistently poor families were the most likely to lack physical exercise. Twelve per cent of children from persistently poor families had spent less than an hour on physical activity in the last week. This compares to eight per cent of children from temporary poor families.

Figure 4.2 Children who spent less than an hour on physical activity in the last week (in 2004) by poverty status (2001/04)

Base: Dependent children.
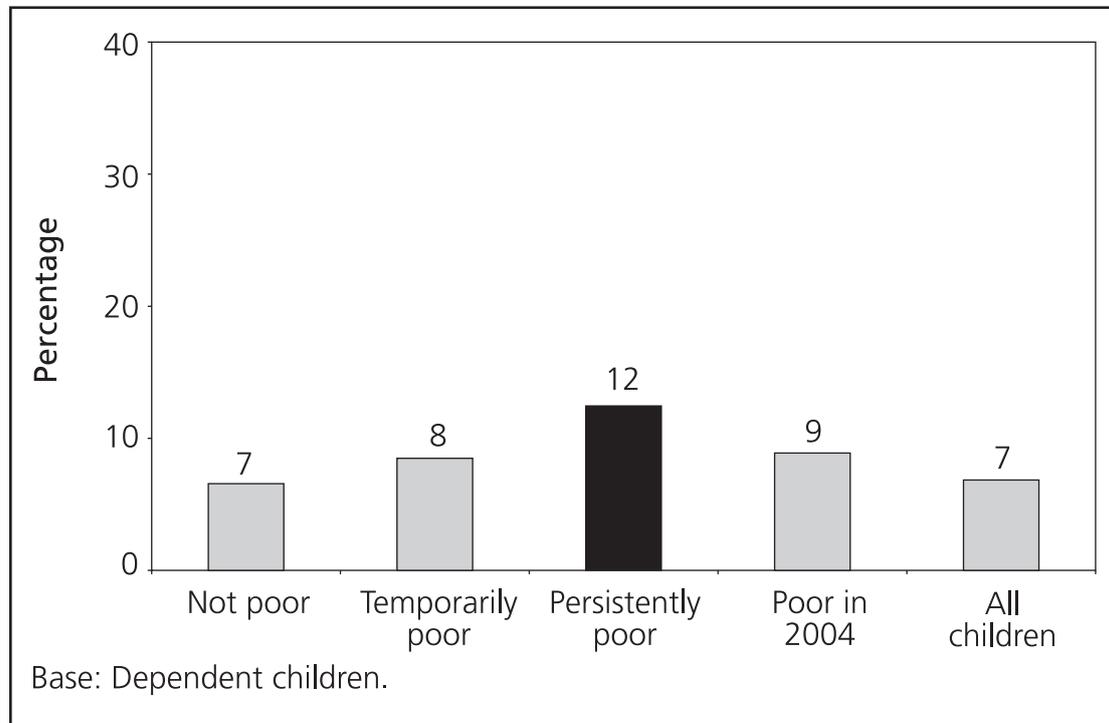
4.2 Stay safe

The stay safe domain is an attempt to raise awareness of the importance of safeguarding children and young people. This includes an increased focus on reducing anti-social behaviour and exclusion and to reduce the incidence of bullying.

FACS asks secondary school children, by the means of a self-completion questionnaire, whether they have been bullied in a frightening or upsetting way in the previous year. FACS also asks whether they have ever been offered any illegal drugs. The responses to these questions are given in the following two charts.

Figure 4.3 shows that approximately one in ten (nine per cent) secondary school children in persistently poor families have been bullied in the last year. Living in a poor family only has a small association with an increased risk of bullying and the duration of being poor has no impact on this risk. There is a significant difference in the bullying rates for poor children compared to all secondary school children in general (ten per cent and seven per cent). However, there is no significant difference between the bullying rates of persistently poor children compared to temporary poor children (nine per cent and eight per cent).

Figure 4.3 Children who have been bullied in a frightening or upsetting way at least three times in the past year (in 2004) by poverty status (2001/04)

Base: Secondary school children.
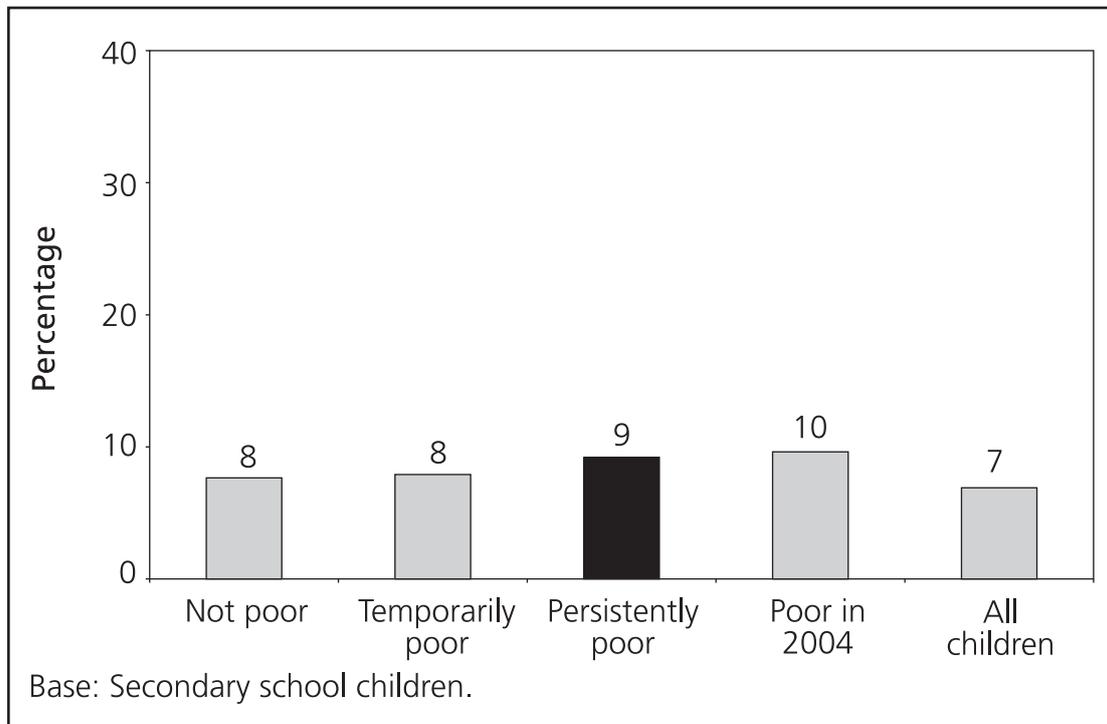
Again, there was no significant difference between persistently poor and temporary poor secondary school children when it came to being offered illegal drugs (Figure 4.4). Being poor did mean a slight increase in risk compared to all children (14 and 12 per cent).

Figure 4.4   Children who have been offered illegal drugs in the past year (in 2004) by poverty status (2001/04)

Base: Secondary school children.
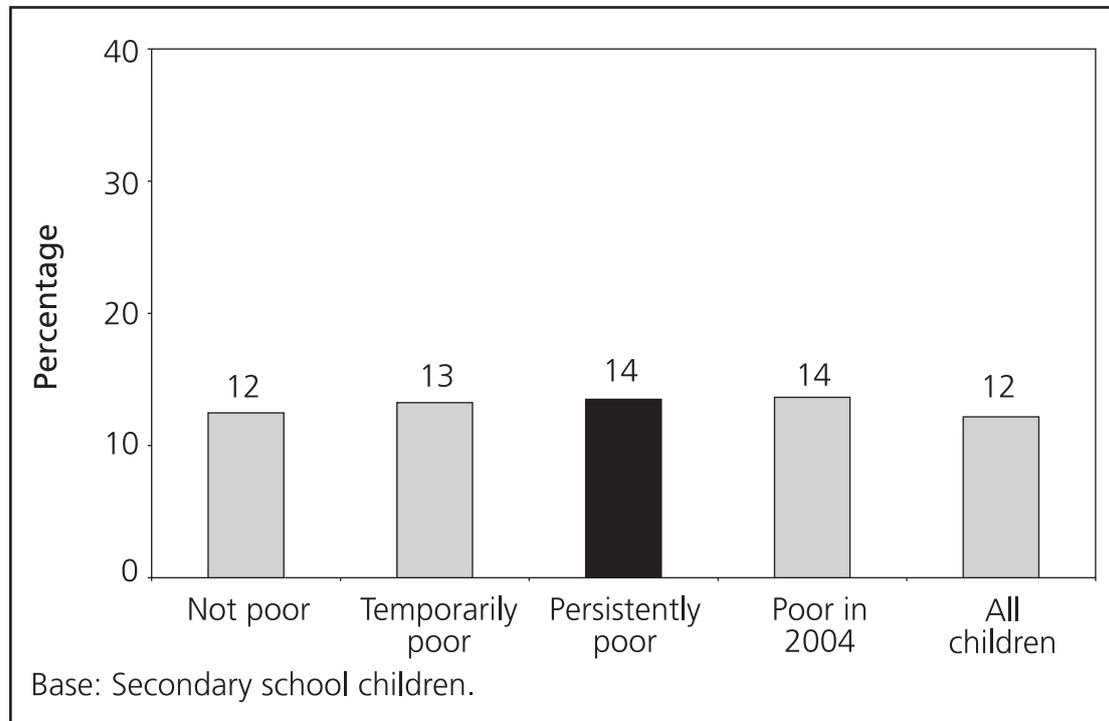
4.3   Enjoy and achieve

The enjoy and achieve domain of the *Every Child Matters* framework is concerned with children and young people getting the most out of life and developing the skills for adulthood. This means increased access to high quality general education, as well as improved support for those not in school.

Although the causal relationships are complex, the correlations between poverty, social class and poor educational attainment are strong. For example, poor children are one-third as likely to get five good GCSEs as their wealthier classmates (DfES, 2005).

Mothers were asked to rate how they thought their children were performing at school. This assessment was based on the mother's knowledge and opinion of her child's school work, including school reports and any test scores. It is not evidence from administrative data on pupils performance collected by schools, so is susceptible to subjective opinions and judgements from the mother.

Figure 4.5 demonstrates the link between poverty and mothers' perception of low educational attainment, with secondary school children from poor families (in 2004) approximately twice as likely as all secondary school children to be below average in both English and maths (11 per cent and six per cent). However, the difference between persistently poor and temporary poor children is not significant (11 per cent and nine per cent).

Figure 4.5   Children who were below average in English and maths (in 2004) by poverty status (2001/04)

Base: Secondary school children.
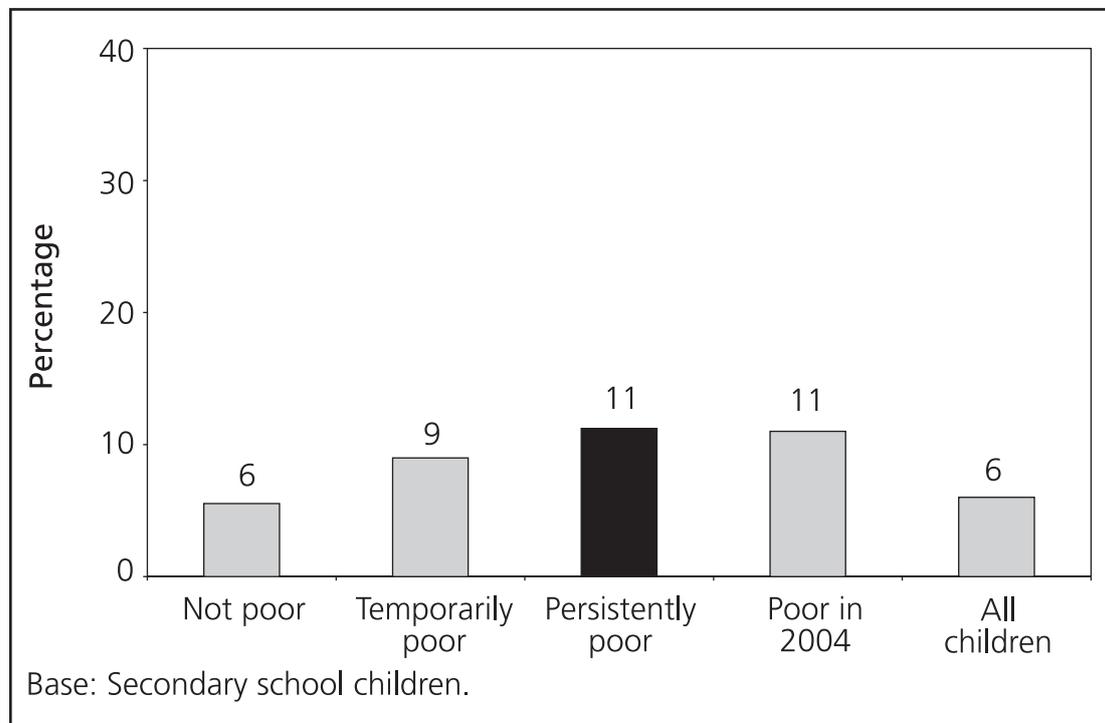
Children excluded from school are at particular risk of failing to benefit from the education system as not only does exclusion deny a child access to a full education, it has also been shown to be the trigger for an escalating rate of crime and disaffection (National Children's Bureau, 2003).

Figure 4.6 shows the link between poverty and school suspensions and expulsions. Secondary school children living in a family in persistent poverty were twice as likely as children in temporary poor families to be suspended or expelled (13 per cent compared to six per cent).

Figure 4.6   Children who were expelled or suspended from secondary school (in 2004), by poverty status (2001/04)

Base: Secondary school children.
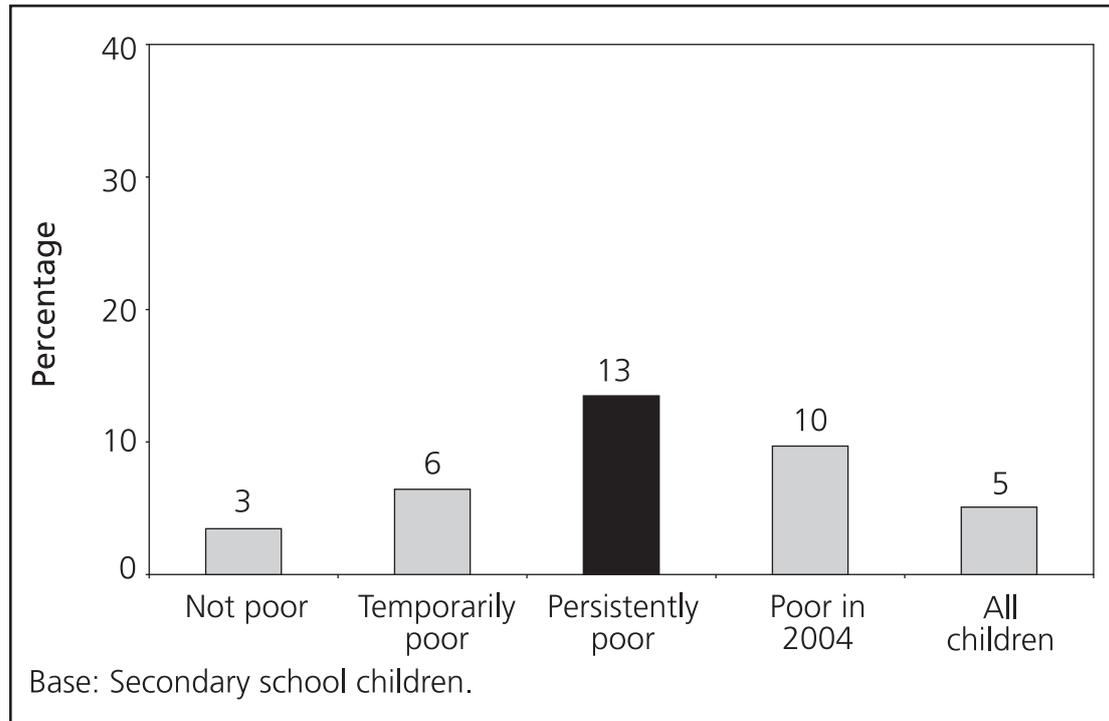
4.4   Making a positive contribution

Making a positive contribution is about children and young people being involved with the community and society and not engaging in anti-social or offending behaviour. Figure 4.7 looks at children (aged between eight and 18 years) who have been in trouble with the police in the year prior to the FACS interview.

There is an association between poverty and anti-social behaviour as measured in FACS. One in 20 (five per cent) of persistently poor children had been in trouble with the police compared to two per cent of all children. Children from persistently poor families were significantly more likely than those from temporary poor families to be in trouble with the police (five per cent and three per cent).

Figure 4.7 Children who have been in trouble with the police in the last year (in 2004), by poverty status (2001/04)

Base: Children aged 8 to 18 years.
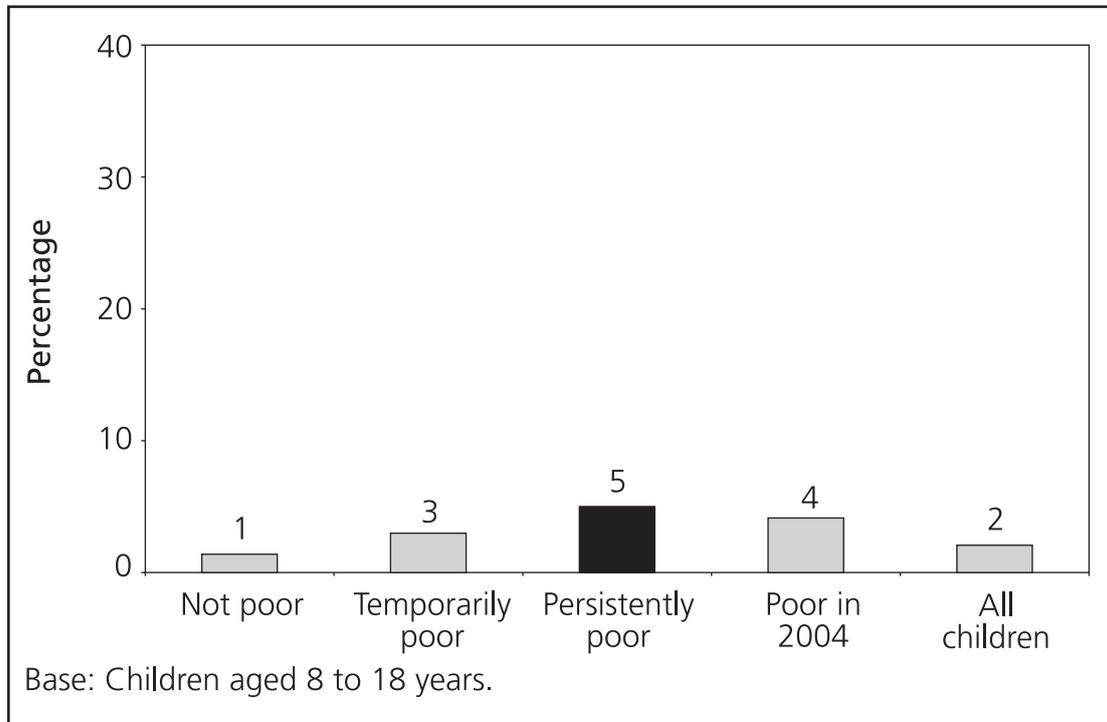
FACS also asks secondary school age children how often they see their friends, either at home or at their friend's home, and how often they take part in organised activities such as a youth club, sports team or after school club. As Figure 4.8 shows, poor children, including persistently poor children, were no less likely to do these things than other children.

Figure 4.8   Children who had not seen friends in last week and did not go to organised activities (in 2004) by poverty status (2001/04)

Base: Secondary school children.
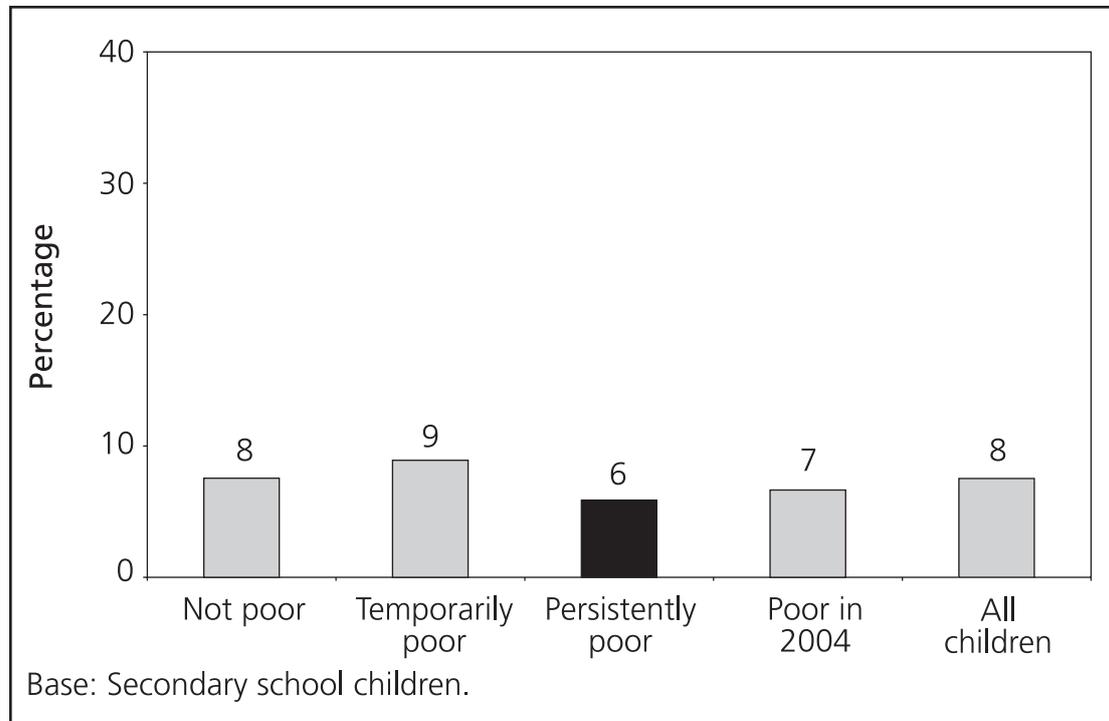
4.5   Achieve economic well-being

The economic well-being strand of the Every Child Matters framework concentrates on ensuring children and young people are not being prevented by economic disadvantage from achieving their full potential in life. This involves improving the housing arrangements for those in unsuitable accommodation and emphasising the importance of increased vocational and work related learning opportunities for older children.

Low income is likely to impact on the type and quality of housing that families can afford and poor families are more likely to find that substandard quality accommodation is their only available option. In this analysis, which mirrors analysis recently undertaken by Barnes *et al.* (2006), a child is defined as living in bad housing if the mother reported that their accommodation suffered from any one or more of the following three conditions[23]:

• **temporary accommodation** – living in temporary accommodation currently or in the past year;

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[23]   Self-reporting is a different approach to measuring accommodation conditions than used in the specialist housing surveys, which use an independent surveyor.

- **overcrowded accommodation** – living in accommodation that falls short of the 'bedroom standard[24]' by one room or more;

- **unfit accommodation** – living in accommodation that is deemed to be in poor or very poor condition.

The analysis shows that there is a link between poverty and bad housing. Children living in poverty in 2004 were more than twice as likely as those who avoided poverty to live in bad housing. Being in a family in persistent poverty meant that a child was at most risk of living in bad housing – almost one half (48 per cent) of children living in families in persistent poverty lived in bad housing.

Figure 4.9   Children living in bad housing (in 2004), by poverty status (2001/04)

Base: Dependent children.

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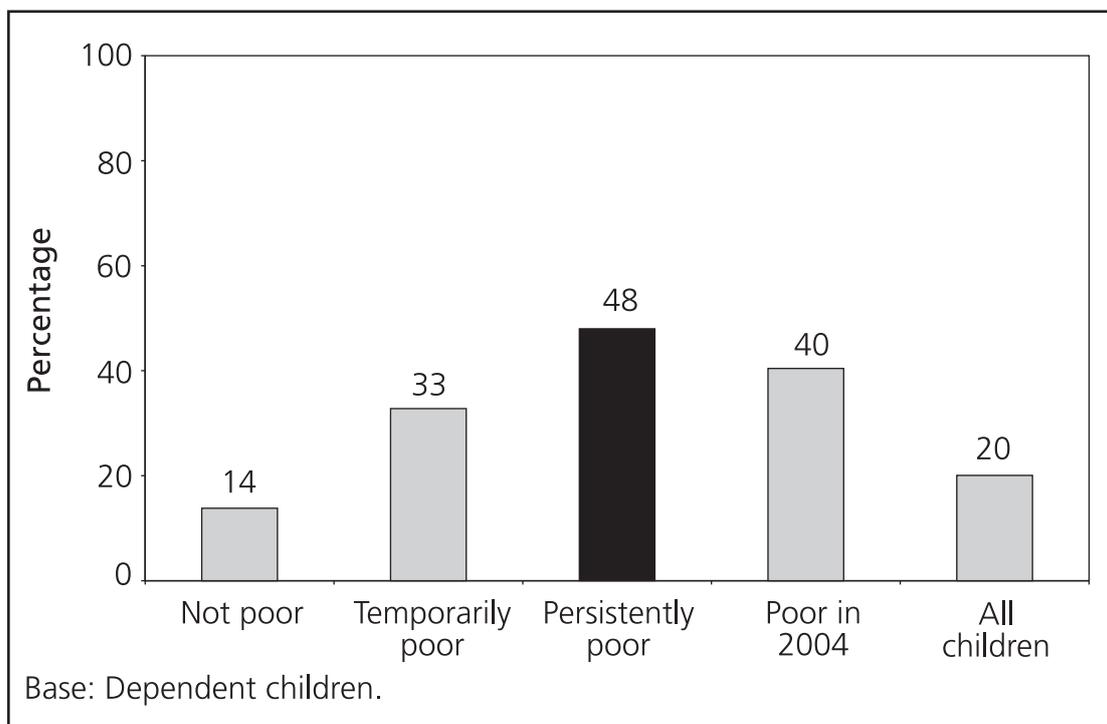
[24]   The 'bedroom standard' is commonly used as a proxy measure for over-crowding in households. This works as follows: a separate bedroom is allocated to each couple, any other person aged 21 or over, each pair of ten to 20 year olds of the same sex and each pair of children aged zero to ten. Unpaired people are allocated a bedroom each. The bedroom standard is then compared with the actual number of bedrooms. Households may then be described as equal to, below, or above the bedroom standard where below means 'over-crowded'. However, this measure does not take account of room size. So, it ignores the fact that not all bedrooms are large enough for two teenagers or young adults to share comfortably (while others may be much larger).

Other studies have found there to be a strong relationship between material deprivation and persistent low income. For example Berthoud *et al.* (2004) found that as time spent in low income increases, so does the severity of deprivation. Goodman and Myck (2005) also found a greater effect on deprivation at the lower end of the income distribution.

The FACS survey has been used by Willitts (2006) to inform the material deprivation element of DWP's child poverty measures. The approach presented here mirrors the methodology used in that report, which counts the number of items a family lacks because it cannot afford them. Twelve deprivation indicators are used in this analysis:

Family does not have because cannot afford:

• to keep home warm;

• two pairs of shoes per person;

• money to spend on self;

• regular savings;

• friends or family for a meal once a month;

• one-week holiday;

• behind on any household bills.

Child does not have because family cannot afford:

• hobby/leisure activity;

• friends round for tea;

• enough bedrooms;

• leisure equipment;

• celebrations[25].

Figure 4.10 presents the average (mean) number of deprivation items that children's families did not have, because they could not afford, in 2004 according to poverty status.

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[25] Note that this list of items is different to that used in the combined low income and material deprivation indicator of the child poverty PSA (DWP 2003).

Figure 4.10 Mean number of items children in families did not have (in 2004), by poverty status (2001/04)

Base: Dependent children.
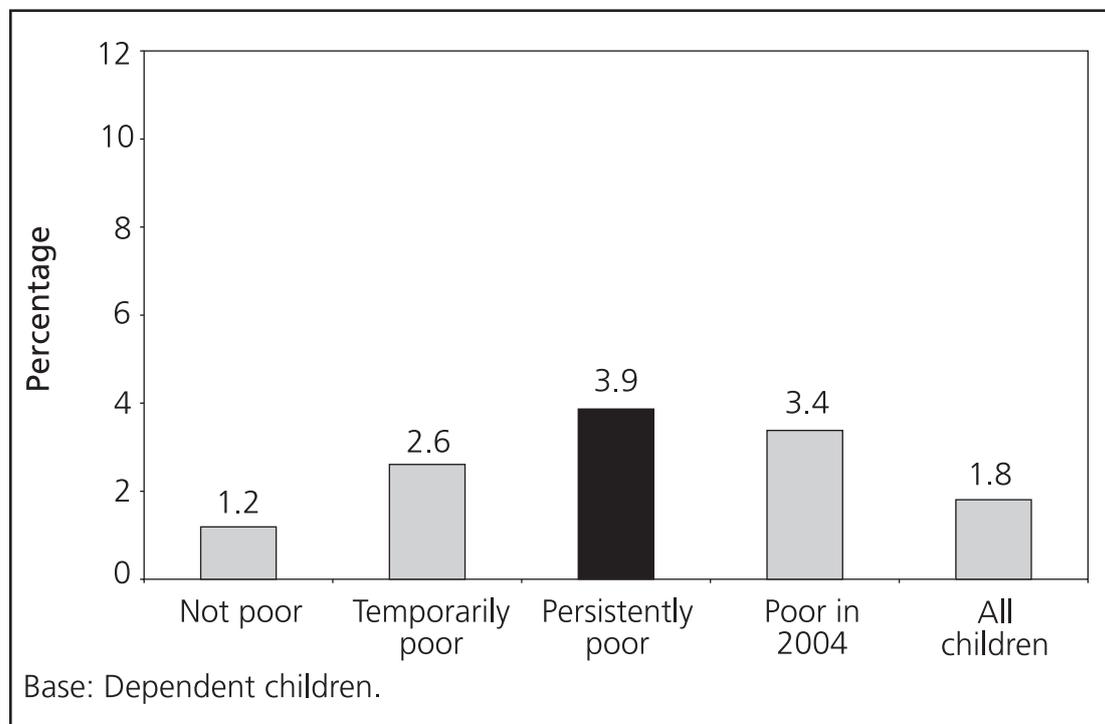
Figure 4.10 shows that children in persistently poor families were, on average, deprived of twice as many items (almost four) as all children. Children in persistently poor families were also likely to experience more deprivation than children from temporary poor families (3.9 compared to 2.6 items on average).

4.6   Multiple negative outcomes

There is evidence to suggest that children who live in families with multiple problems are themselves much more likely to have negative outcomes. Children aged 13 to 14 years who live in families with five or more problems (such as neither parent in work, poor housing conditions or parents with mental health problems) are 36 times more likely to be excluded from school than children in families with no problems and six times more likely to have been in care or to have contact with the police (HM Treasury and DFES, 2007).

Because FACS collects information about the children in the family, including from children themselves, it is possible to explore which children face a number of negative outcomes as outlined in the *Every Child Matters* framework. The methodology used to explore this makes a simple count of the number of negative outcomes children experience. The outcomes included in this analysis are the ten used in this chapter, two for each of the five *Every Child Matters* domains[26]:

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[26]   The choice of indicators is restricted by the availability of information in FACS and consequently, the indicators should not be seen as definitive measures of the *Every Child Matters* outcomes framework.

- be healthy:
  - a long-standing illness or disability;
  - to go without regular physical exercise;
- stay safe:
  - offered illegal drugs;
  - bullied in or out of school;
- enjoy and achieve:
  - expelled or suspended from school;
  - below average attainment in English and maths;
- make a positive contribution:
  - does not see friends and does not attend organised activities;
  - in trouble with the police;
- achieve economic well-being:
  - lives in bad housing;
  - in the most 20 per cent of materially deprived families with children.

Figure 4.11 looks at the number of negative outcomes children experience according to their longitudinal poverty status. A child can have between zero and ten negative outcomes: There are quite marked differences between persistently poor and temporary poor children. One-third (33 per cent) of temporary poor children did not experience any of the ten negative outcomes compared to 15 per cent of persistently poor children.

In terms of multiple negative outcomes, a similar proportion of persistently poor and temporary poor children experience four (five per cent and eight per cent) or five or more (three per cent) negative outcomes. However, at three or more outcomes the risk is significantly greater for persistently poor, rather than temporary poor, children (28 per cent compared to 18 per cent).

Figure 4.11 Number of negative outcomes secondary school children face (in 2004) by poverty status (2001/04)

Base: Secondary school children.
Note: Analysis uses a maximum of ten outcomes, two for each of the five Every Child Matters domains.
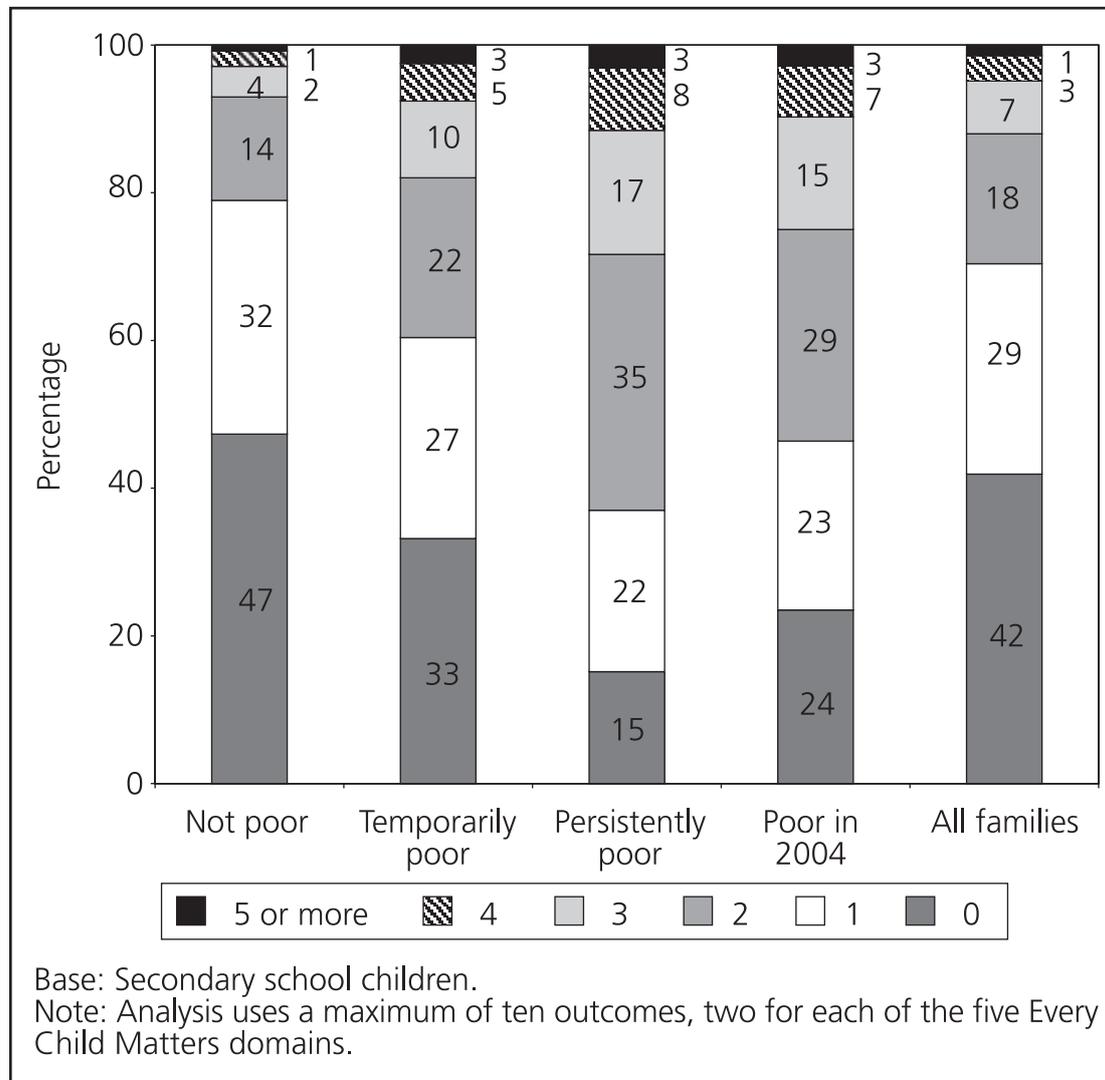
4.7   Summary

This chapter has explored a range of living standard outcomes for children living in persistently poor families. The FACS data has shown that persistently poor children are significantly more likely than all children in general, to be at risk of poor outcomes across a number of *Every Child Matters* domains.

The focus of the chapter has been to compare the outcomes of persistently poor children to those of temporary poor children. Here, we see that across many of the *Every Child Matters* domains, persistently poor children do indeed fare worse, although some of the differences are only small (yet statistically significant):

• be healthy:

– persistently poor children are more likely than children in temporary poverty to have a long-standing illness or disability (19 per cent compared to 17 per cent);

- persistently poor children are more likely to go without regular physical exercise (12 per cent compared to eight per cent);

- enjoy and achieve:
  - persistently poor secondary school children are more likely to be suspended or expelled from school (11 per cent compared to six per cent);

- make a positive contribution:
  - persistently poor children (aged eight and over) are more likely to be in trouble with the police (five per cent compared to three per cent);

- achieve economic well-being:
  - persistently poor children are more likely to live in bad housing (48 per cent compared to 33 per cent);
  - persistently poor children are more likely to lack material deprivation items (3.9 items compared to 2.6 items).

Persistently poor children were also more likely than temporary poor children to face multiple (three or more) negative outcomes (28 per cent compared to 18 per cent).

It should be noted that certain child outcomes did not appear significantly more likely for children in persistently poor families. These include being bullied and being offered illegal drugs (this information was collected from secondary school children only). It should also be noted that the choice of outcomes investigated is restricted by the availability of information in FACS and consequently, does not cover the entire *Every Child Matters* framework.

5 The factors associated with persistent poverty among families with children

This chapter will look at the factors that are related to a family being persistently poor. The analysis begins with a descriptive look at the prevalence of persistent poverty amongst different types of family, including a more detailed look at family work status and mothers' attitudes to work. The chapter concludes with a multivariate analysis that identifies the associations between family circumstances and persistent poverty that hold when taking other circumstances into account. As with the previous analysis presented in the report, a particular focus is given to comparisons between persistently and temporary poor families.

5.1 Work status and attitudes to work

No study of persistent poverty would be complete without an investigation of labour market behaviour. The current Government strongly believes that work acts to protect families from poverty and is a key route out of poverty for those living on a low income. More recently, research has highlighted the fact that many couple families where only one parent works are still at risk of income poverty.

Figure 5.1 shows the work status of lone-parent and couple families with children. The work status of families with children is very much influenced by family composition and, in particular, the number of parents in the family. However, work status is also strongly associated with a number of other factors such as age of children, the availability of childcare, educational qualifications, views on parenthood and levels of in- and out-of-work benefits (Bryson *et al.*, 1997; Millar and Ridge 2001).

Figure 5.1 demonstrates the rather diverse pattern of work between lone-parent[27] and couple families. Approximately half (48 per cent) of lone mothers were not in work in 2004. Of those that were in work the vast majority were working for 16 or more hours per week. The next analysis looks at the risk of being persistently poor according to family work status.

Figure 5.1   Family work status, 2004

Lone parent families

Working 16+ hours per week 48%

Not working 48%

Working 1-15 hours per week 4%

Couple families

Neither in work 5%

One in work but neither works 16+ hours per week 1%

Father works 16+ hours per week, mother does not work 23%

Father works 16+ hours per week, mother works 1-15 hours per week 12%

Other working 16+ hours per week 4%

Both working 16+ hours per week 55%

Base: Lone parent and couple families with children.

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[27]   In this chapter lone-parent families exclude lone fathers. Lone fathers demonstrate quite different characteristics and behaviour from lone mothers and hence, lone mothers are treated as a distinct group. Unfortunately there are too few lone fathers in FACS to warrant a separate analysis.

Figure 5.2 shows that work is inextricably linked to persistent poverty: Two-fifths (40 per cent) of couple families where both parents did not work were in persistent poverty. Lone parents were four times more likely to be in persistent poverty than couple families (27 per cent compared to six per cent). Almost one-half (46 per cent) of lone parents not in work were in persistent poverty.

Figure 5.2   Risk of being persistently poor, by family work status (2004)
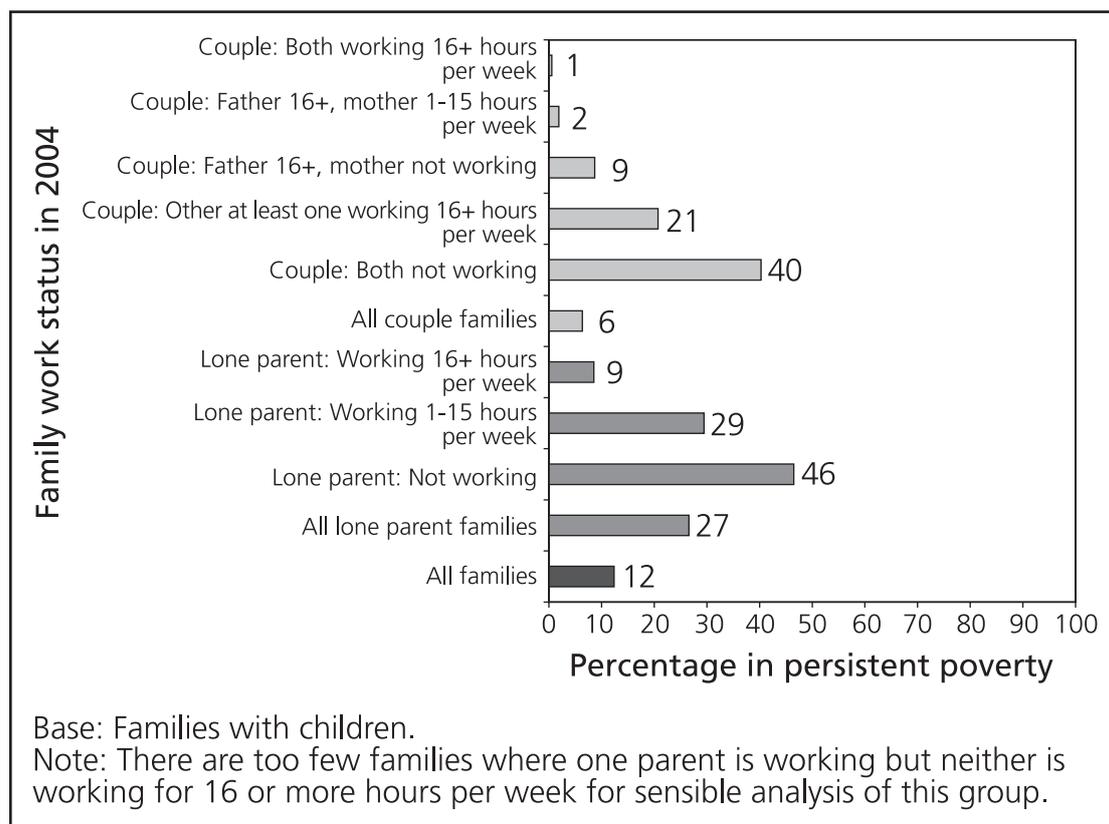
Figure 5.3 further explores the link between persistent poverty and work by using a longitudinal measure of work status. This is calculated in a similar way to persistent poverty by examining behaviour over the period 2001 to 2004. We do not consider movements into and out of work that parents may have made between the annual FACS interviews. There are slightly different methodologies used to calculate longitudinal work patterns for lone-parent and couple families. In fact the analysis only considers families that did not change relationship status over the period – in other words, it excludes the 13 per cent of families that changed from lone parent to couple, or vice-versa.

For lone parents, the following categories are used:

• persistently out of work: lone parents who did not work or worked for less than 16 hours per week in only one or no years of the four-year period;

• temporarily in work: lone parents who worked 16 or more hours per week in two or three years; and

- permanently in work: lone parents who worked for 16 or more hours per week in all of the four years.

Categorising couple families is more complicated because the work patterns of both parents have to be considered. Couple families are categorised according to the 'average' number of parents working for 16 hours or more per week over the four-year period. This creates a range from 0 (both parents out of work or working less than 16 hours per week in all four years) to 2 (both parents working 16 or more hours per week in all four years) To simplify the analysis we have created five categories that summarise a couple family's longitudinal work status, where 'out of work' means not working or working for less than 16 hours per week:

- both parents persistently out of work (average of 0-0.25 workers over the period);

- one parent persistently out of work and the other temporarily in work (average of 0.5-0.75 workers over the period);

- one parent permanently in work and the other persistently out of work (average of 1.0 worker over the period);

- one parent permanently in work and the other temporarily in work (average of 1.25-1.75 workers over the period); and

- both parents are permanently in work (average of two workers over the period)[28].

Figure 5.3 reconfirms the importance of employment for avoiding the risk of persistent poverty. Half (50 per cent) of the lone parents persistently without work experienced persistent poverty. A similar proportion (44 per cent) of persistently workless couples were persistently poor[29].

As would be expected, having any episode of work of 16 or more hours per week over the period reduces the risk of persistent poverty. For lone parents temporarily in work over the period, the risk of persistent poverty falls to 13 per cent, while permanent employment reduces the risk to just three per cent. Similarly for couples, it is enough to have just one person working temporarily to reduce the risk of persistent poverty to 24 per cent. Having at least one parent working permanently reduces the risk much further. Just seven per cent of couples with a permanent worker face persistent poverty and if the partner works also (even just temporarily), the risk of persistent poverty is less than one per cent.

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[28]   For couple families we do not consider if it was the same parent who was employed in different years. The only criterion is the average number of people in work per year.

[29]   This equates to 52 per cent of children in persistently workless lone-parent families being persistently poor and 43 per cent of children in persistently workless couple families being persistently poor.

In terms of the magnitude of families in persistent poverty that were workless, three-quarters (77 per cent) of lone parents who were persistently poor reported that they had not worked in any of the four years under study (this analysis is not shown in Figure 5.3). Of the couple families experiencing persistent poverty, less than a third (32 per cent) were families where neither partner had worked in all four years. Over a quarter (28 per cent) of persistently poor couple families had one parent working throughout the four years.

Figure 5.3   Risk of being persistently poor, by longitudinal family work status

Base: Families with children whose relationship structure (lone parent or couple) did not change over the period.
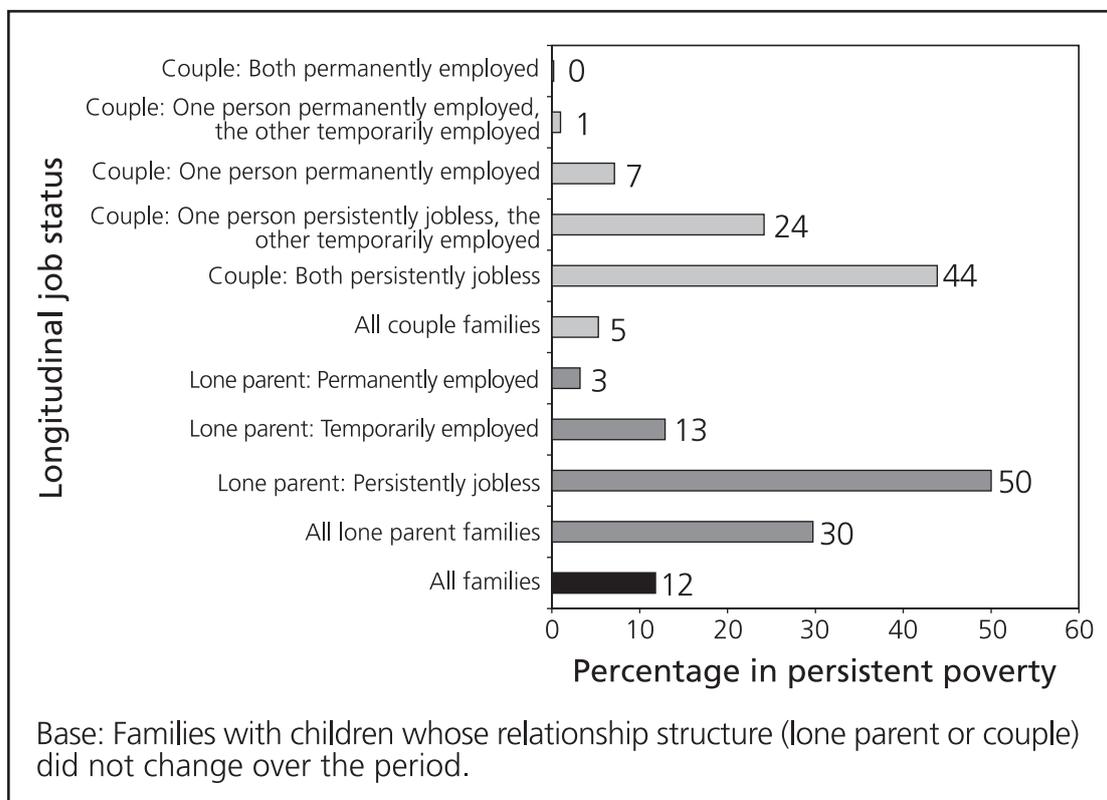
The analysis presented so far has shown that families where no parent, or only one parent in couple families, is in work are at considerable risk of persistent poverty. In these families it is the mother who is least likely to work. It is, therefore, interesting to examine the aspirations of persistently poor mothers, in particular whether these mothers want to improve their position in the labour market. Figure 5.4 compares the job readiness of mothers in families in persistent poverty according to their work status (and the work status of their partner).

Figure 5.4   Persistently poor mothers' job readiness, by work status of mother (and partner in couple families)

Base: Persistently poor mothers not working or working less than 16 hours per week, excluding self-employed families.
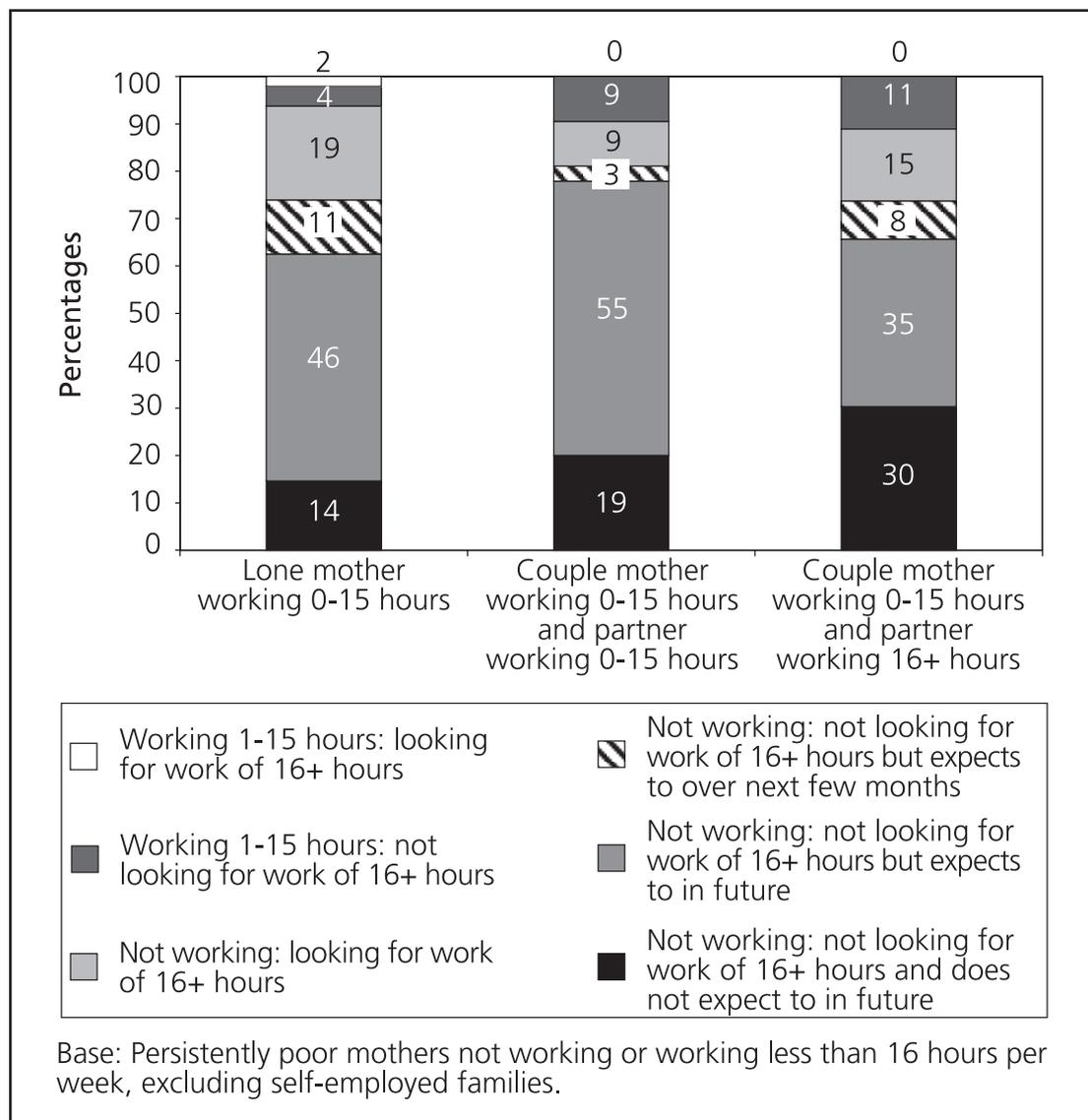
Whilst the majority of lone mothers were in work, only a small proportion of those not in work were not looking for work and did not intend to in the future. In fact of those not in work, 85 per cent (80 per cent of the remaining 94 per cent) were either seeking work or intended to in the future. Couple mothers were more likely than lone mothers to not expect to look for work of 16 or more hours per week in the future, particularly those whose partners were working for 16 or more hours per week.

Figure 5.5 explores whether job readiness is related to the risk of being persistently poor. It presents the risk of persistent poverty by family work status combined with mothers' job readiness (for those who do not work 16 hours a week or more). The analysis corroborates the Government assertions that work is the best route out of poverty. Those out of work have the highest poverty rates regardless of the mother's stated intention of looking for work. In fact, there is relatively little difference between families where the mother is, and is not, intending to look for work.

Figure 5.5   Risk of being persistently poor, by family work status in 2004 combined with job readiness[30]

Base: Families with children whose relationship structure (lone parent or couple) did not change over the period.
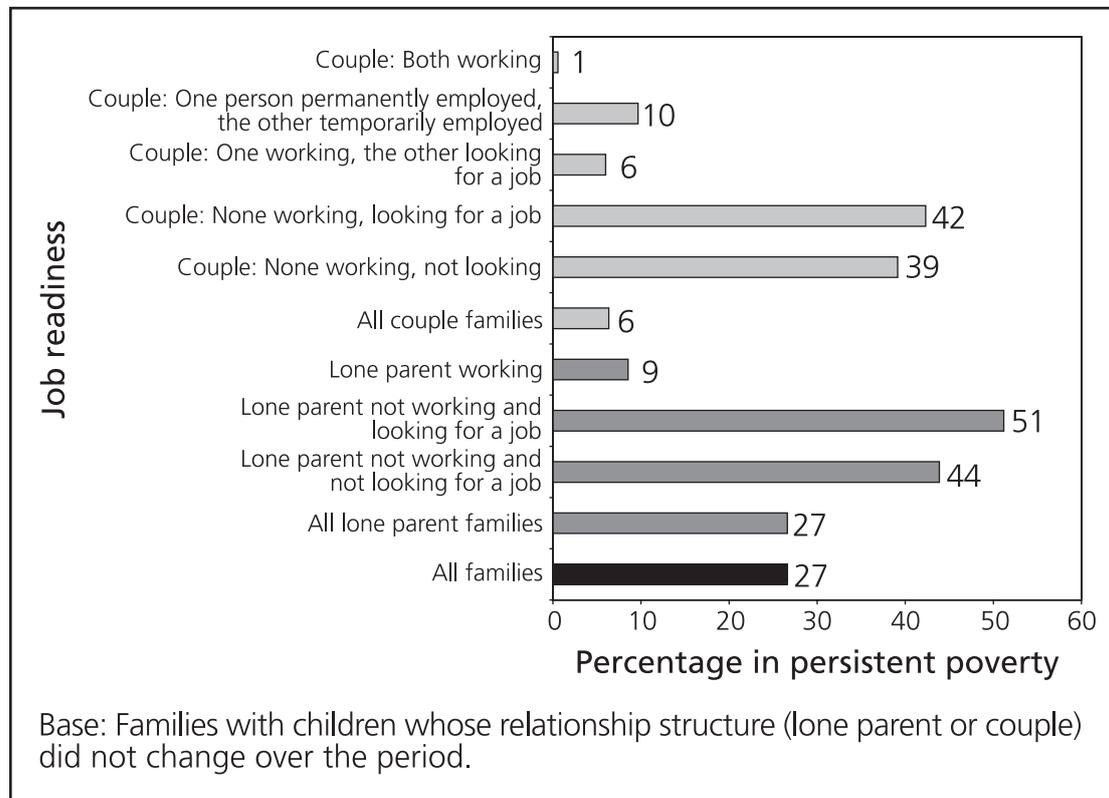
The relationship between work status and job readiness is complex – factors such as age of children, childcare availability, health and work skills need to be understood – and further analysis is beyond the scope of this report. However, what this brief analysis suggests is that despite the Government assertions that work is the best route out of poverty, there are mothers in persistently poor families, particularly couple families where the father is working 16 or more hours per week, who are not in work and have no plans to look for such work, either now or in the future.

Indeed, for persistently poor families there may be other related factors that may mean that finding work is particularly difficult. Farrell and O'Connor (2003) undertook qualitative research to discover that some households perceived themselves to be financially better off whilst out of work, so reducing the incentive to escape the poverty trap. Another potential deterrent to work was the period of transition from out-of-work benefits to in-work benefits, whilst for other families suitable childcare was a significant barrier to work (Stephenson, 2001).

The next section of this chapter looks at other circumstances of families that may be associated with persistent poverty, including socio-demographic characteristics

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[30]   For the sake of simplicity, the labels refer to those not working or working less than 15 hours per week as 'not working' and to those working 16 or more hours per week as 'working'.

such as family size and ethnicity and economic factors such as education and tenure.

5.2   The risk of persistent poverty

Earlier analysis has shown that the likelihood of being persistently poor varies according to the work status of the family (see Figure 5.2). This section looks at the likelihood of a family experiencing persistent poverty according to a range of other socio-demographic and economic characteristics of the family[31]. Since persistent poverty is explored here by just one characteristic at a time, it is important to note that although it may vary significantly according to a particular characteristic, it may not be this characteristic that is driving this association. For example, families with younger children may be seen to be more likely to experience persistent poverty than families with older children but it may be the age of the mother (families with young children are also likely to have young mothers) that drives the association rather than the age of the children. Nevertheless, this bivariate analysis gives an early indication of some of the underlying factors that may be linked to persistent poverty.

Figure 5.6   Risk of being persistently poor, by socio-demographic characteristics of family (1)

Base: Families with children.

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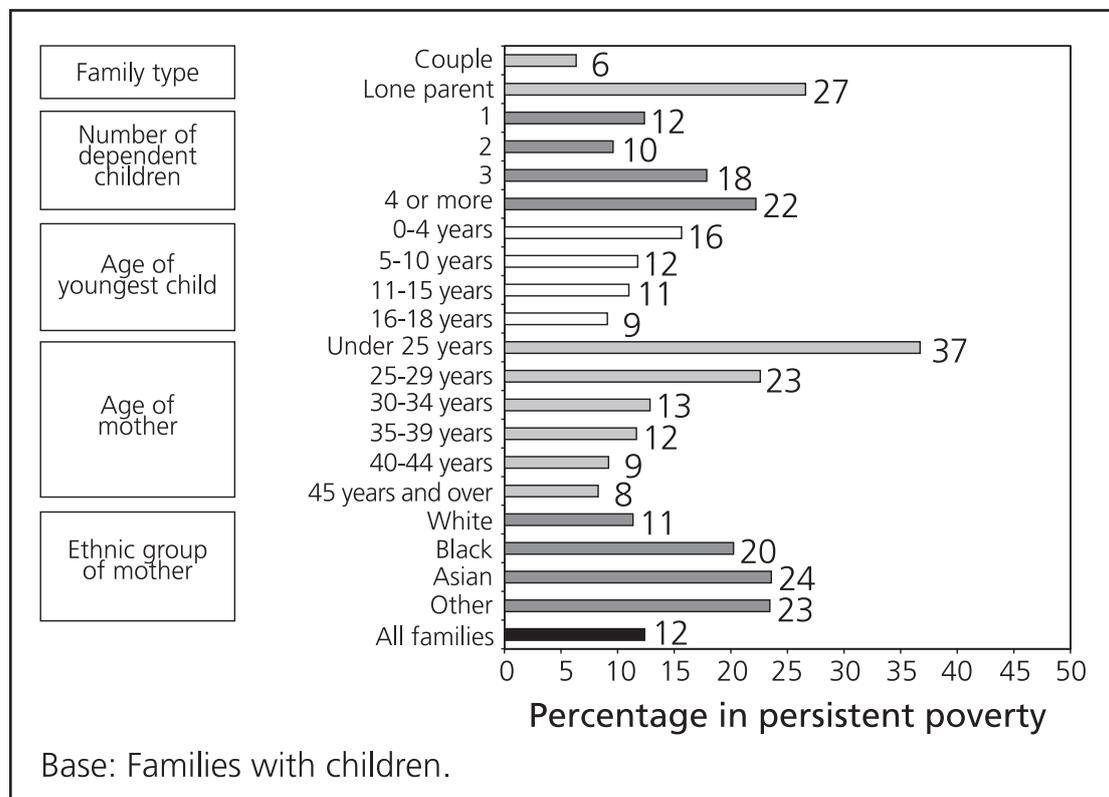
[31]   The socio-demographic and economic characteristics of the family are measured from 2004 data.

The black bar at the bottom of Figure 5.6 illustrates the 12 per cent of all families with children who experience persistent poverty. The other bars are grouped by colour according to the characteristic of the family, so for example, 11 per cent of families with a white mother experience persistent poverty, as do 20 per cent of families with a black mother.

It is clear from Figure 5.6 that certain types of families with children are more likely than others to experience persistent poverty (a longer bar represents a higher risk of persistent poverty). For example, on average, lone-parent families are four times as likely to experience persistent poverty than couple families (27 per cent compared to six per cent). As discussed earlier, this is largely due to the fact that lone parents are more likely to be out of work.

Other characteristics associated with an increased risk of poverty persistence include having three or more children (18 per cent with three children and 22 per cent with four or more children), having a child aged zero to four years (16 per cent), being a young mother (37 per cent of mothers under 25 years of age and 23 per cent of mother aged 25-29 years) and being a BME mother (20 per cent of black mothers and 24 per cent of Asian mothers).

Figure 5.7   Risk of being persistently poor, by socio-economic characteristics of family (2)

Base: Families with children.
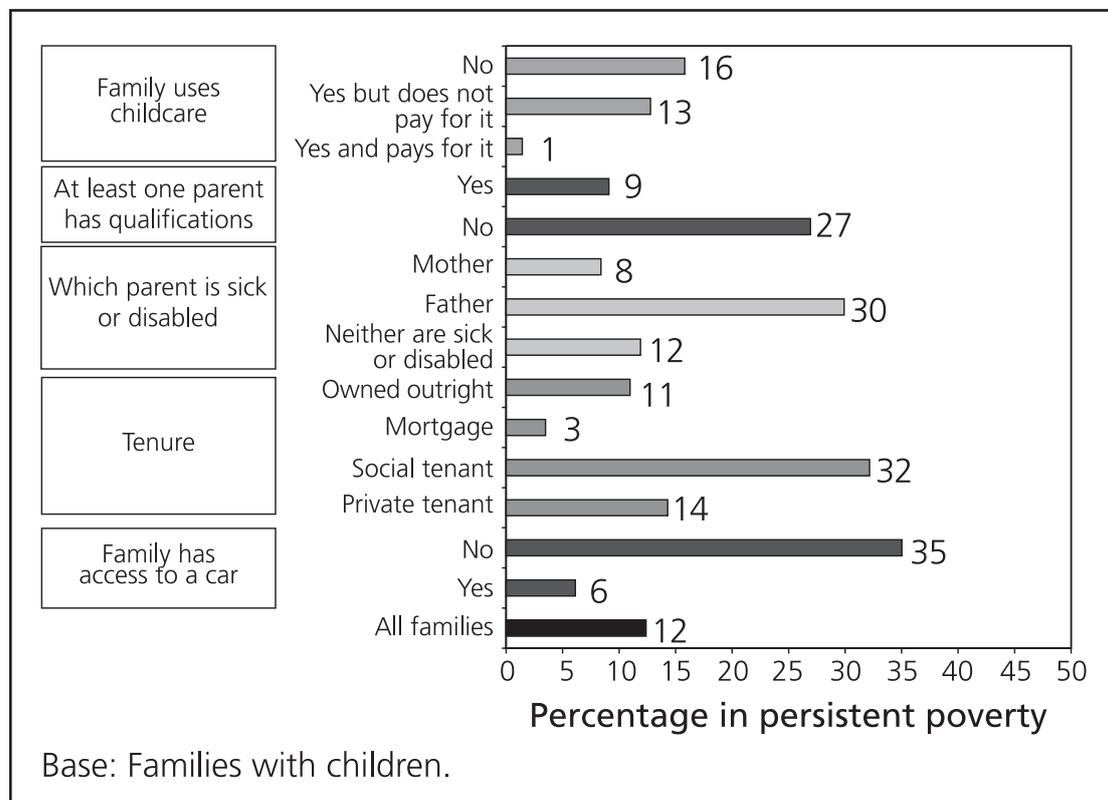
There are certain other socio-economic characteristics of families that suggested an increased likelihood of experiencing persistent poverty. Families where no parent had any qualifications, where the father was sick or disabled, families living in social rented housing and families with no access to a car, were all over twice as likely as the average family with children to experience persistent poverty. Only one per cent of families that paid for childcare experienced persistent poverty, suggesting that the poorest families are more likely to use free forms of childcare.

5.3 Modelling the key risk factors of poverty persistence

Having compared the incidence of persistent poverty across particular sub-groups of families with children, the focus of this study now goes on to examine which specific characteristics are the most important risk factors for poverty persistence. Logistic regression analysis is used to unravel which characteristics are related to an increased risk of persistent poverty when holding other, potentially confounding, characteristics constant.

This analysis has important qualities: First is that the relationship of each characteristic to persistent poverty is explored taking into account any possible confounding influence of other characteristics. For example, descriptive analyses may show that larger families are more likely than smaller families to experience persistent poverty and that families with very young children are more likely to experience persistent poverty than families with older children. Given that we know that larger families are more likely than smaller families to have very young children, the key issue is whether it is the size of the family or the age of the children (or indeed both) that is driving these relationships to persistent poverty. The analysis in the following sections considers just this question for the variety of characteristics discussed in the report so far.

It is important to note that the analysis presents significant relationships between the characteristics of families and the risk of persistent poverty – the analysis does not unravel any cause and effect in the relationship. For example, if there is a relationship between tenure and persistent poverty, where families in social rented housing are more likely to experience persistent poverty, the analysis cannot unravel whether living in social rented housing is a cause of persistent poverty. There may also be mediating factors, which may themselves increase the chance of a family experiencing persistent poverty. The main point to note is that the analysis presented here does not provide cause, furthermore respondents were not asked to attribute cause themselves.

The second important quality of this analysis, and indeed the main focus of this report, is that comparisons are made between those families who suffer from persistent poverty (poor in three of the four-year period) and those who have only temporary experience of poverty (poor in one or two years). Hence, all the logistic regression models estimated in this section compare characteristics of families who experienced persistent poverty with characteristics of families who experienced

temporary poverty. By directly contrasting persistently and temporarily poor families, we shall be able to unravel whether the former group differs significantly from the latter. Given that both these groups would be categorised as 'poor' in standard point-in-time studies, this analysis allows us to distinguish between families according to their duration of being poor and highlights the factors that are associated with persistent, rather than temporary, periods of low income.

The socio-demographic and economic characteristics that were used to develop the regression model are listed in Box 5.1 below. These characteristics relate to information collected from families in 2004 (the last of the four waves of FACS used in the analysis for this report). Separate models were constructed for lone mother and couple families given the quite different impact that factors can have on families, particularly the impact of work.

Box 5.1 Characteristics included in the logistic regression analysis

Logistic regression analysis was used to unravel which characteristics of families are related to an increased risk of a family experiencing persistent poverty when holding other, potentially confounding characteristics constant. Logistic regression allows one to predict a discrete outcome, such as presence/absence of persistent poverty, from a set of variables that may be continuous, discrete, dichotomous, or a mix of any of these. These variables, characteristics of families collected in 2004, are detailed below. The variables have a number of categories and each category is interpreted in relation to a reference category, notified by (ref).

Ethnic group of mother	White (ref), Black, Asian, Other
Age group of mother	Under 25, 25-29, 30-34, 35-39 (ref), 40-44, 45+
Number of dependent children	1, 2 (ref), 3, 4+
Age of youngest child	0-4, 5-10 (ref), 11-15, 16-18
Families' use of childcare	No (ref), Yes and does not pay, yes and does pay
Parents' academic qualifications	Yes (ref), No
Parents' health problem/disability	No (ref), mother, father
Housing tenure	Owner, mortgage (ref), social tenant, private tenant
Family has access to a car/van	Yes (ref), No
Family work status[32]	Lone parent 16+/0-15 hours
	Couple 16+, 16+/16+, 0-15 (ref)/0-15, 0-15 hours

The regression analysis identifies only those factors that are significantly related to persistent, rather than temporary, poverty by using a step-wise approach to fitting the most appropriate statistical model. The main findings of the analysis

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[32]   Note that there are very few parents that work 1-15 hours and hence, the analysis here is really comparing working (16 or more hours per week) and non-working (zero hours) lone parents. Likewise, for couples the analysis is really comparing workless, one-parent or two-parent working families.

are presented in Figure 5.7 and Figure 5.8. Figure 5.7 presents the characteristics of families that are significantly associated with experiencing persistent poverty as opposed to experiencing temporary poverty. The characteristics are ordered according to their importance to the fit of each model[33].

Figure 5.8 presents a measure of the magnitude of the difference in the likelihood of being persistently poor, rather than temporarily poor, for different categories of each statistically significant characteristic (so, for example, mothers who have a health problem compared to those who do not). This is presented in the form of odds ratios, which are explained in Box 5.2.

Box 5.2 Understanding an odds ratio

To understand an odds ratio we first need to describe the meaning of odds. The definition of odds is similar, but significantly different, to that of probability. This is best explained in the form of an example. If 200 individuals out of a population of 1,000 experienced persistent poverty, the probability (p) of experiencing persistent poverty is 200/1,000, thus p=0.2. The probability of not experiencing persistent poverty is, therefore, 1-p = 0.8. The odds of experiencing persistent poverty are calculated as the quotient of these two mutually exclusive events. So, the odds in favour of experiencing persistent poverty to not experiencing persistent poverty, is, therefore, 0.2/0.8=0.25. Suppose that 150 out of 300 people living in social rented housing experience persistent poverty compared to 50 out of 150 who live in owner-occupied housing. The odds of a person living in social rented housing of experiencing persistent poverty are 0.5/0.5=1.0. The odds of a person living in owner-occupied housing of experiencing persistent poverty is 0.3333/0.6666=0.5. The odds ratio of experiencing persistent poverty is the ratio of these odds, 1.0/0.5=2.0. Thus, the odds of experiencing persistent poverty are twice as high among people who live in social rented housing (compared to people who live in owner-occupied housing – the 'reference category').

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[33]   The Wald test is used to test the significance of the explanatory variables in the logistic regression analysis. The Wald test is one of a number of ways of testing whether the parameters associated with a group of explanatory variables are zero. If for a particular explanatory variable, or group of explanatory variables, the Wald test is significant, then we would conclude that the parameters associated with these variables are not zero, so that the variables should be included in the model. If the Wald test is not significant then these explanatory variables can be omitted from the model. The magnitude of the Wald statistic is used to determine the relative strength of each explanatory variable.

Research by Adelman *et al.* (2003), Berthoud *et al.* (2004) and Middleton (2006) found that factors associated with persistent poverty include work status, ethnicity, health and age. Table 5.1 shows that these factors were evident in this research. Only one of the ten factors used in the analysis was significantly associated with persistent poverty, rather than temporary poverty, for both lone mother and couple families. This was work status. For couple families the following additional factors were associated with persistent poverty: housing tenure, the ethnic group of the mother and whether the parents have qualifications. Access to a car was also significant for lone mothers.

Table 5.1   Characteristics of families with children that are statistically significantly associated with the odds of persistent, rather than temporary, poverty

	Lone mothers	Couples with children
Work status	✓	✓
Housing tenure		✓
Access to a car	✓	
Ethnic group of mother		✓
Parents' qualifications		✓
Parents' health		
Number of dependent children		
Age of mother		
Age of the youngest child		
Family uses childcare		

Figure 5.8   Factors that increase the likelihood of persistent, rather than temporary, poverty among families with children, odds ratios[34], model with a point-in time work status measure

Notes: All variables included in the diagrams are statistically significant (p<0.05) related to an increased likelihood of the family experiencing persistent poverty. For reference groups of each characteristic see Box 5.1.
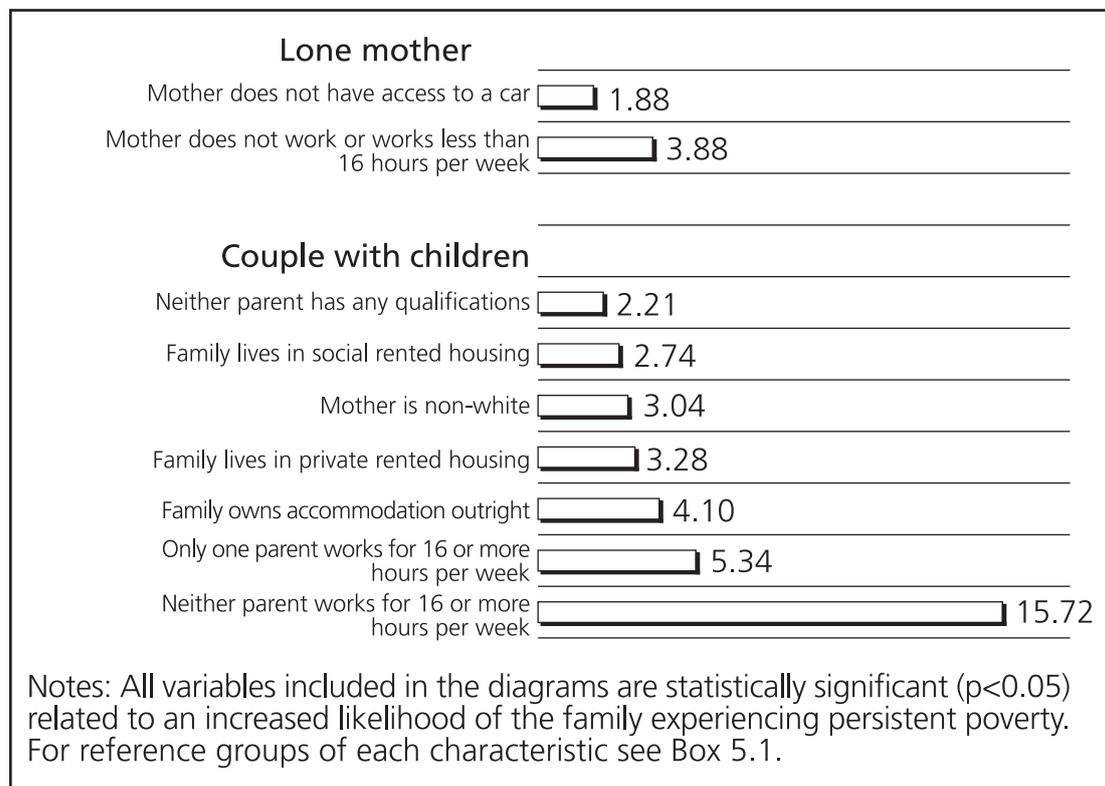
It is clear from Figure 5.8 that, when holding other characteristics constant, lone mothers who do not work (or work for less than 16 hours per week, although very few are in this position) have an increased likelihood of experiencing persistent poverty. For couple families too, work is a key protective factor against persistent poverty. When it comes to reducing the odds of child poverty among couples, two partners in employment is better than one and one in employment is much better than none. However, the analysis also suggests that having only one parent who works for 16 or more hours per week is no guarantee that the family will avoid persistent poverty. Earlier analysis showed that when the father is working, families are likely to avoid persistent poverty, but when only the mother is working, families face increased risk, as mothers tend to work for fewer hours, and at lower wages, than fathers.

Not having access to a car is also significantly associated with persistent poverty for lone mother families. The likely direction of causality is difficult to determine. Persistently poor families may lack the financial resources to run and maintain a car or may feel that having private transport is an unnecessary use of what may be limited resources. Being without a car can mean access to employment is restricted, as is access to other amenities and social activities.

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34   See the Appendix for full details of the logistic regression analysis.

The analysis highlights the association between persistent poverty and housing for couple families. Here, the direction of causality is also difficult to establish. Living in social rented housing can be seen to increase the risk of persistent poverty – social housing is more likely to be found in the most deprived areas, where jobs are relatively sparse – and vice-versa, as low-income families cannot afford to get on the housing ladder (Hills, 2007). Hills in fact suggests that policy needs to do more to bring support for housing and work together.[35]

Other characteristics significantly associated with persistent, rather than temporary, poverty amongst couple families are ethnicity (measured of the mother in this analysis) and parental education. BME mothers are more likely to be persistently poor rather than just temporarily poor. The social and economic difficulties disproportionately faced by these mothers is well documented. The financial problems of young mothers is often compounded by low educational attainment, area deprivation, poor self-esteem and motivation and restrictive family and cultural values (Hendessi and Rashid, 2002). The causes of poverty for ethnic minority families are complex but there is evidence to suggest that discrimination continues to create unequal opportunities and unequal outcomes, plus the added complication that people from minority ethnic groups face particular hurdles when claiming benefits (Craig, 2005). In terms of parental education, there has been a number of other studies that have also showed families with lower educated parents are more likely to be poor and that children better their position if their parents have some qualifications, read to them as children and take an interest in their schooling (Blanden, 2006).

The analysis also reveals that some of the factors linked to persistent poverty have less of an association when other characteristics, such as work, are controlled for. For example, a lone mother who is sick or disabled is less likely to experience persistent poverty, than a lone mother without health problems, when other characteristics are taken account for (see the Appendix for the full results from the regression models). The same is true for couple families, particularly when it is the mother who is sick or disabled. Lone mothers in private rented accommodation also appear less likely to face persistent poverty (than those with a mortgage, the reference category) – the same cannot be said for couple families.

The analysis presented so far has suggested that family work status is a key factor in explaining the risk of persistent, rather than temporary, poverty for families with children. To investigate this issue in a greater detail, Figure 5.9 presents the results of a logistic regression model that uses the previously discussed longitudinal, rather than a point-in-time, measure of family work status. This variable measures

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[35]   The analysis also suggests that couple families living in private rented housing and those who own their property are more likely (than families paying a mortgage, the reference group) to face persistent poverty. Poor families unable, or who do not wish, to obtain social rented housing are likely to suffer financially the cost of private rented housing. For a more detailed discussion of poverty and housing tenure, see Burrows, R. (2000).

the average number of parents who are in work of 16 or more hours per week over the four-year period under investigation[36].

Figure 5.9   The impact of longitudinal work status on factors that increase the likelihood of persistent, rather than temporary, poverty among families with children, odds ratios[37]

Lone mother

Mother does not have access to a car	1.73
Mother persistently jobless	7.39

Couple with children

Family lives in social rented housing	2.75
Mother is non-white	3.00
Family owns accommodation outright	3.87
One parent permanently employed, the other persistently jobless	4.59
One parent persistently jobless, the other temporarily employed	7.48
Both parents persistently jobless	39.73

Notes: All variables included in the diagrams are statistically significant (p<0.05) related to an increased likelihood of the family experiencing persistent poverty. For reference groups of each characteristic see Box 5.1.

When we use a longitudinal rather than point-in-time measure of family work status the importance of work is much more pronounced. Persistently workless families face a much higher risk of experiencing persistent, rather than temporary, poverty than the families where at least one person was temporarily employed. To work just temporarily over the period dramatically reduces the odds of experiencing persistent poverty. For example, for couple families, having just one parent temporarily employed over the period reduces the odds of being persistently, rather than temporarily, poor, from almost 40 down to 7.5. Furthermore, if one parent is permanently employed, the odds decrease down to 4.6.

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[36]   See Section 5.1 for the definition of longitudinal family work status.

[37]   See the Appendix for full details of the logistic regression analysis.

The other characteristics associated with higher risk of persistent, rather than temporary poverty in this model are similar to those presented in Figure 5.7. These include a lack of access to a car, ethnicity and housing tenure[38].

5.4   Summary

This chapter began by exploring the work status of families with children and how work is inextricably linked to poverty. Work patterns are very different for lone-parent and couple families. Half of lone parents do not work and only six per cent of couple families have both parents either not working or working for less than 16 hours per week. Consequently, lone parents were four times more likely to be in persistent poverty than couple families. However, having one parent in work is no guarantee of avoiding persistent poverty. Less than a third of couple families in persistent poverty had been workless in all four years under investigation.

In families with only one worker it is often the father that is in work. Mothers who are out of work, or working less than 15 hours per week, are likely to be looking for work now or expect to look for work in the future. Couple mothers are less likely to expect to look for work. In terms of the risk of persistent poverty, it makes very little difference whether the mother is looking, or expecting to look, for work.

Certain families with children are more likely than others to experience persistent poverty. These include lone parents, larger families, families with young children, families with a young mother, families with a BME mother, families with parents with low education or who are sick or disabled and families who live in social rented housing. Of course, some of these factors may not be driving persistent poverty, they may be consequences of being poor and for others the relationship with poverty is inherently complex.

The conclusion of the multivariate analysis – designed to identify the risk of being in persistent poverty rather than temporary poor, and controlling for the impact of possibly confounding influences – is that family work status is the factor that bears most on the risk of persistent poverty. When taking a dynamic measure of family work status, being continuously out of work is even more strongly related

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[38]   Two other models were estimated: first, a model that contrasts persistently poor with non-persistently poor families and second, a model that incorporates a variable that combines work status with the mother's job readiness, for mothers working less than 16 hours a week. The results corroborate the findings presented in this chapter: First, and most importantly, persistently poor families diverge significantly from the comparison group, whether compared to all non-persistently poor families or just temporarily poor families. Secondly, that family work status is the crucial factor in explaining the risk of persistent poverty. Other factors, including job readiness, are far less important. Further detail of these additional models can be found in the Appendix (Tables A.1 to A.6).

to persistent poverty. This suggests that a more long-term vision is required to properly tackle persistent poverty and that work-related issues should remain one of the key focuses of policy. This, and other implications of this research for policy is discussed in more detail in the next chapter.

6   Summary and discussion of main findings

This chapter summarises the main findings of the study, highlighting the main risk factors for families with children who experience persistent poverty, and the key distinctions between these families and those that experience only temporary poverty. Drawing on these findings, the discussion points towards the areas on which policy may need to focus in order to reduce and prevent persistent poverty among families with children.

The main objective of this study was to measure persistent poverty among families with children, to investigate the circumstances of these families and to examine the risk factors for persistent poverty. The study used data from the FACS. The first wave of FACS was carried out in 1999 on lone-parent and low-middle income couple families. Since 2001, FACS covers all families with children. This research used the most recent waves of FACS that contain all families with children and hence, covers the period 2001 to 2004.

The study used the FACS data to identify persistently poor families with children using methodology adopted by DWP in their low-income dynamics research. This defined persistently poor families as those with income below 60 per cent of median household income in at least three of the four years under investigation. Using this methodology, 12 per cent of families with children were defined as being persistently poor over the period 2001 to 2004.

The average weekly income for persistently poor families was less than £200 (equivalised income), markedly lower than families who avoided poverty over the period (£290) and those who were defined as poor in 2004 (£230). Earnings made up only slightly more than half of persistently poor families total income, compared to nearly 80 per cent for families who avoided poverty over the period.

Unsurprisingly, persistently poor families face problems coping on low income and taking a measure of persistent, rather than current, poverty presents a more stark picture of financial difficulty than represented in standard poverty analyses. Two-thirds of persistently poor families did not save regularly, one-third were behind with household bills and over one-quarter found that they were running out of

money by the end of the week – all significantly more prevalent problems than if poverty was measured at a point in time or when compared to families who experienced only temporary poverty.

The financial problems that persistently poor families face are likely to have repercussions for all members of the family, including children. The FACS data was used to highlight the living standards of children in persistently poor families. Again, children in these families were seen to have worse outcomes than children in temporary poor households and the findings were starker than if poverty is measured at just a point in time. Almost one-half of children in persistently poor families were living in bad housing (temporary, overcrowded or of poor quality), one in ten had been suspended or expelled from school, and children in these families were more likely to suffer material deprivation.

Certain families with children were more likely than others to experience persistent poverty. Over one-quarter of lone-parent families were persistently poor, four times the proportion of persistently poor couple families. Predictably, work is seen as a good protective factor from persistent poverty and the different opportunities to work can be seen to influence the persistent poverty status for lone-parent and couple families. Almost one-half of lone-parent families do not work and hence, avoiding poverty via other sources of income is difficult. Conversely, only very few, approximately one in twenty, couple families have neither parent working for 16 or more hours per week (and the majority of these do not work at all). However, the risk of persistent poverty was also high for couple families where only one parent worked for 16 or more hours per week, particularly if it was the mother working these hours as mothers' working hours and earnings tend to be lower than for fathers. One in five families where the mother was working 16 or more hours per week, and the father was not, experienced persistent poverty. Over one-quarter of these families had a father who reported a long-standing illness or disability.

When controlling for other characteristics of the family, it was indeed work status that had the biggest influence on whether a family would experience persistent poverty. The analysis contrasted persistent poverty with temporary poverty in an attempt to unravel the factors associated with longer- rather than shorter-term poverty. Families continuously out of work were at most risk of being persistently poor for both lone mother and couple families. The other factor associated with an increased likelihood of persistent poverty for lone mother families was not having access to a car. Additionally, for couple families, having a BME mother and having parents with no qualifications meant an increased risk of persistent poverty.

The evidence from FACS suggests that persistent poverty is concentrated in a minority, but still a substantial proportion (over one in ten), of families with children and that these families face financial difficulties and poor living standards above those identified in standard cross-sectional poverty analyses. The concerns about persistent poverty are obvious, particularly for the children living in these families. Apart from the obvious effects of deprivation for these families, there is now a

wealth of research that suggests that childhood poverty experience leads to adult poverty, which in turn can affect future generations – with substantial costs to the individual, their families and society in general.

Despite this evidence, there are no concerted policy measures to tackle persistent poverty above those designed to tackle poverty in general. One reason for this is because poverty is still commonly viewed using a point-in-time perspective. This approach treats the poor as an homogenous group. Taking a dynamic approach shows that people experience different forms of poverty, such as persistent poverty, and policy needs to adapt to the diverse experiences of poverty.

It is clear from the evidence that policy needs to focus on persistent (and also recurrent) poverty – to target policies at groups that experience persistent poverty and evaluate how such initiatives fare. Although many of the determinants of transient poverty are linked to persistent poverty, there is a danger that more general policies may not work for families with the most entrenched problems, worklessness in particular. Here, policy can build on the findings of this research and other research that looks at the causes and effects of persistent poverty[39].

It is generally acknowledged in the poverty literature that there are certain factors that increase and maintain the risk of persistent poverty. These include being a lone parent, having poor health or a disability and having a large number of children. Factors such as lone parenthood, ill health and having many children are all linked to a parent's inability to work. Being without work, and in particular regular work, is often cited as the key influence on poverty. This research has further supported this assertion. This research has also shown that temporary, or short-term, work is also an important employment outcome that reduces a family's propensity to experience persistent poverty (when compared to a family with no worker). Given that families without work are also likely to experience the range of other disadvantages listed above, employment policy needs to work alongside policies designed to contend with these other hardships[40].

If finding work is key to the chances of escaping persistent poverty, policy needs to ensure that when work is found it is secured and sustained. Much other poverty research has found that transitions out of poverty, and worklessness, are often short-lived. Indeed, some transitions out of poverty are so short-lived they have very little impact on living standards. It is, therefore, not enough for policy to simply help people find work. Job retention and job progression are also key.

Finally, although work is often seen as the best protection from poverty, this research has also shown that work does not always protect families from persistent poverty, particularly where there is only one worker in the household. Policy must, therefore, increase work in households where work is possible and appropriate, but also recognise that work is not always possible for all parents at all times, particularly during periods of ill health and concentrated times of childcare.

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[39]   Further research is required to explore the severity of persistent poverty.

[40]   See the recent report by Hills (2007) for an example of how labour market and housing policies can work together to enhance employment opportunities.

Appendix
Logistic regression statistics

Table A.1 **The association of socio-demographic and economic characteristics of lone mothers to persistent poverty: Variables that are significant in the logistic regression model (MODEL: persistently poor compared to temporarily poor, work status from 2004 included)**

	B	S.E.	Wald	df	Sig.	Exp(B)
Work status						
(ref: Working 16+ hours)						
Not working 16+ hours	1.357	0.200	45.987	1	0.000	3.884
Parents' health						
(ref: Not sick/disabled)						
Mother is sick or disabled	-1.189	0.414	8.237	1	0.004	0.304
Housing tenure						
(ref: Mortgage)			14.844	3	0.002	
Owned outright	0.135	0.478	0.080	1	0.777	1.145
Social tenant	0.182	0.252	0.523	1	0.469	1.200
Private tenant	-0.962	0.364	6.972	1	0.008	0.382
Access to a car						
(ref: Yes)						
No	0.631	0.190	11.023	1	0.001	1.879
Constant	-1.584	0.243	42.349	1	0.000	0.205

Table A.2 **The association of socio-demographic and economic characteristics of couple families to persistent poverty: Variables that are significant in the logistic regression model (MODEL: persistently poor conpared to temporarily poor, work status from 2004 included)**

	B	S.E.	Wald	df	Sig.	Exp(B)
Ethnic group of mother						
(ref: White)						
BME	1.112	0.337	10.855	1	0.001	3.039
Parents have qualifications						
(ref: Yes)						
No	0.792	0.287	7.611	1	0.006	2.207
Work status						
(ref: Both working 16+ hours)			39.413	2	0.000	
One working 16+ hours	1.676	0.396	17.880	1	0.000	5.342
Neither working 16+ hours	2.755	0.445	38.353	1	0.000	15.719
Parents' health						
(ref: Neither sick/disabled)			6.317	2	0.042	
Mother is sick or disabled	-2.439	1.069	5.209	1	0.022	0.087
Father is sick or disabled	-0.428	0.330	1.686	1	0.194	0.652
Housing tenure						
(ref: Mortgage)			20.316	3	0.000	
Owned outright	1.411	0.390	13.077	1	0.000	4.100
Social tenant	1.006	0.274	13.508	1	0.000	2.736
Private tenant	1.187	0.449	6.983	1	0.008	3.277
Constant	-3.805	0.402	89.801	1	0.000	0.022

Table A.3   The association of socio-demographic and economic characteristics of lone mothers to persistent poverty: Variables that are significant in the logistic regression model (MODEL: persistently poor compared to temporarily poor, longitudinal work status included)

	B	S.E.	Wald	df	Sig.	Exp(B)
Work status						
(ref: AVG 1)			61.451	2	0.000	
Avg 0.5-0.75	0.033	0.440	0.006	1	0.940	1.034
Avg 0-0.25	2.001	0.362	30.477	1	0.000	7.396
Parents' health						
(ref: Not sick/disabled)						
Mother is sick or disabled	-1.080	0.434	6.202	1	0.013	0.339
Housing tenure						
(ref: Mortgage)			12.863	3	0.005	
Owned outright	0.162	0.568	0.082	1	0.775	1.176
Social tenant	0.080	0.291	0.075	1	0.784	1.083
Private tenant	-1.082	0.410	6.955	1	0.008	0.339
Access to a car						
(ref: Yes)						
No	0.546	0.211	6.674	1	0.010	1.726
Constant	-1.911	0.378	25.608	1	0.000	0.148

Table A.4   The association of socio-demographic and economic characteristics of couple families to persistent poverty: Variables that are significant in the logistic regression model (MODEL: persistently poor compared to temporarily poor, longitudinal work status included)

	B	S.E.	Wald	df	Sig.	Exp(B)
Ethnic group of mother						
(ref: White)						
BME	1.100	0.377	8.498	1	0.004	3.003
Work status and job readiness						
(ref: Both working 16+ hours)			42.840	4	0.000	
AVG: 1.25-1.75	0.008	0.844	0.000	1	0.993	1.008
AVG: 1	1.525	0.768	3.946	1	0.047	4.594
AVG: 0.5-0.75	2.012	0.798	6.355	1	0.012	7.475
AVG: 0-0.25	3.682	0.856	18.516	1	0.000	39.727
Parents' health						
(ref: Neither sick/disabled)			12.975	2	0.002	
Mother is sick or disabled	-3.160	1.128	7.852	1	0.005	0.042
Father is sick or disabled	-1.410	0.481	8.604	1	0.003	0.244
Housing tenure						
(ref: Mortgage)			13.646	3	0.003	
Owned outright	1.353	0.430	9.891	1	0.002	3.870
Social tenant	1.012	0.341	8.795	1	0.003	2.750
Private tenant	0.945	0.609	2.407	1	0.121	2.572
Constant	-4.985	0.886	31.676	1	0.000	0.007

Table A.5 **The association of socio-demographic and economic characteristics of lone mothers to persistent poverty: Variables that are significant in the logistic regression model (MODEL: persistently poor compared to temporarily poor, work status in 2004 combined with job readiness included)**

	B	S.E.	Wald	df	Sig.	Exp(B)
Work status						
(ref: Working 16+ h hours rs)			48.191	2	0.000	
Not working 16+ hours, looking for a job	1.711	0.290	34.857	1	0.000	5.536
Not working 16+ hours, not looking for a job	1.267	0.208	37.177	1	0.000	3.552
Parents' health						
(ref: Not sick/disabled)						
Mother is sick or disabled	-1.191	0.435	7.489	1	0.006	0.304
Housing tenure						
(ref: Mortgage)			15.038	3	0.002	
Owned outright	0.160	0.480	0.111	1	0.739	1.173
Social tenant	0.241	0.257	0.882	1	0.348	1.273
Private tenant	-0.920	0.369	6.213	1	0.013	0.399
Access to a car						
(ref: Yes)						
No	0.603	0.192	9.841	1	0.002	1.828
Constant	-1.606	0.247	42.174	1	0.000	0.201

Table A.6   The association of socio-demographic and economic characteristics of couple families to persistent poverty: Variables that are significant in the logistic regression model (MODEL: persistently poor compared to temporarily poor, work status in 2004 combined with job readiness included)

	B	S.E.	Wald	df	Sig.	Exp(B)
Ethnic group of mother						
(ref: White)						
BME	1.310	0.363	13.008	1	0.000	3.704
Work status and job readiness						
(ref: Both working 16+ hours)			39.913	4	0.000	
One working 16+ hours, the other looking for a job	1.814	0.644	7.940	1	0.005	6.135
One working 16+ hours, the other not looking for a job	1.439	0.416	11.960	1	0.001	4.218
Neither working 16+ hours, looking for a job	2.640	0.706	13.968	1	0.000	14.017
Neither working 16+ hours, not looking for a job	2.839	0.464	37.422	1	0.000	17.102
Parents' health						
(ref: Neither sick/disabled)			5.269	2	0.072	
Mother is sick or disabled	-2.236	1.074	4.335	1	0.037	0.107
Father is sick or disabled	-0.477	0.387	1.520	1	0.218	0.621
Housing tenure						
(ref: Mortgage)			12.956	3	0.005	
Owned outright	1.355	0.481	7.943	1	0.005	3.877
Social tenant	0.864	0.316	7.502	1	0.006	2.373
Private tenant	1.170	0.490	5.716	1	0.017	3.224
Access to a car						
(ref: Yes)						
No	0.572	0.283	4.100	1	0.043	1.772
Constant	-3.835	0.414	86.006	1	0.000	0.022

Table A.7 **The association of socio-demographic and economic characteristics of lone mothers to persistent poverty: Variables that are significant in the logistic regression model (MODEL: persistently poor compared to non-persistently poor, work status from 2004 included)**

	B	S.E.	Wald	df	Sig.	Exp(B)
Work status						
(ref: Working 16+ hrs)						
Not working 16+ hrs	1.813	.191	89.732	1	.000	6.129
Parents' health						
(ref: Not sick/disabled)						
Mother is sick or disabled	-1.597	.387	17.048	1	.000	.203
Housing tenure						
(ref: Mortgage)			27.001	3	.000	
Owned outright	.152	.422	.130	1	.718	1.165
Social tenant	.631	.233	7.295	1	.007	1.879
Private tenant	-.716	.344	4.347	1	.037	.489
Access to a car						
(ref: Yes)						
No	.813	.180	20.464	1	.000	2.255
Constant	-2.819	.210	180.009	1	.000	.060

Table A.8 **The association of socio-demographic and economic characteristics of couple families to persistent poverty: Variables that are significant in the logistic regression model (MODEL: persistently poor compared to non-persistently poor, work status from 2004 included)**

	B	S.E.	Wald	df	Sig.	Exp(B)
Age of mother						
(ref: 30-35 years)			12.861	5	.025	
Under 25 years	1.174	.448	6.883	1	.009	3.236
25-29 years	.085	.381	.049	1	.824	1.088
30-34 years	-.252	.323	.609	1	.435	.777
40-44 years	-.227	.318	.510	1	.475	.797
45 years and over	-.445	.340	1.714	1	.190	.641
Ethnic group of mother						
(ref: White)						
BME	1.318	.312	17.863	1	.000	3.734
Parents have qualifications						
(ref: Yes)						
No	.703	.284	6.128	1	.013	2.020
Work status						
(ref: Both working 16+ hrs)			74.005	2	.000	
One working 16+ hrs	2.336	.386	36.714	1	.000	10.339
Neither working 16+ hrs	3.838	.449	73.186	1	.000	46.411
Parents' health						
(ref: Neither sick/disabled)			7.507	2	.023	
Mother is sick or disabled	-2.798	1.055	7.036	1	.008	.061
Father is sick or disabled	-.340	.336	1.026	1	.311	.712
Housing tenure						
(ref: Mortgage)			30.746	3	.000	
Owned outright	1.546	.356	18.904	1	.000	4.691
Social tenant	1.228	.279	19.295	1	.000	3.413
Private tenant	1.414	.451	9.840	1	.002	4.112
Access to a car						
(ref: Yes)						
No	.450	.263	2.925	1	.087	1.568
Constant	-8.319	1.132	53.999	1	.000	.000

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