

Measuring Child Poverty: A consultation on better measures of child poverty

Presented to Parliament by the Secretary of State
for Work and Pensions by Command of Her Majesty
November 2012



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We would like to thank the following organisations for enabling the Child Poverty Unit to engage with children and young people, service providers and experts to inform this consultation document:

Barnardo's

The Centre for Social Justice

Child Poverty Core Offer of Support Group

Child Poverty Local Delivery Advisory Group

East/West Midlands Child Poverty Network

The Joseph Rowntree Foundation

North East England Child Poverty Network

North West, Yorkshire and Humberside Child Poverty Network

The Office of the Children's Commissioner for England

Shelter

South East England Child Poverty Network

Foreword

This Government will always stand by its commitment to tackle child poverty. It is a vital part of our vision for a strong economy, matched by a strong social settlement – restoring hope and aspiration to those once left on the margins.

The previous Government's approach to ending child poverty looked to income as the significant cause and solution. This simplistic approach saw some initial gains, but then stagnated, leaving 2.3 million children still living in poverty. A poor social outcome, yet all at great cost – over £171 billion spent on tax credits alone between 2003/04 and 2010.



Nor did this focus on income reflect the reality faced by our most disadvantaged individuals and families. The most recent child poverty statistics revealed that 300,000 children were moved out of relative income poverty. However, this was largely due to a fall in the median income nationally which pushed the poverty line down. In fact, absolute poverty remained unchanged and the children who were moved out of poverty were no better off, nor saw any meaningful improvement in their lives.

We need to think differently about child poverty. It cannot be right that experiences so vital to childhood, like seeing a parent go out to work or growing up in a stable family, are not reflected in our understanding of child poverty. Only through a better representation of the reality of children's lives will we truly know how many children are in poverty in the UK.

That is why we are consulting on a new measure of child poverty. This measure must reflect what it means to grow up experiencing deep disadvantage, just as our policies must address the root causes of poverty.

In this consultation we make the case for a multidimensional measure of child poverty and suggest a number of dimensions that might be used to build a picture of a child's life.

For example as well as income we might consider whether a child:

- lives in a workless household;
- lives in a family with problem debt;
- lives in poor housing or a troubled area;
- lives in an unstable family environment;
- attends a failing school;
- has parents without the skills they need to get on; or
- has parents who are in poor health.

The consultation provides an opportunity and a forum to consider our options. What we have set out in this paper is not an exhaustive list of what could be measured; equally some dimensions may not be practicable to measure. What's more, in developing what a future measure might look like, this Government accepts that expertise lies far beyond Whitehall.

2 Foreword

We spoke to children, young people and charities to inform this document and we will continue to work with them throughout the consultation, ensuring that we capture what it really means to live in child poverty. We also know there is a wealth of knowledge and conviction to fight child poverty in the UK, spanning local leaders, charities and social enterprises amongst others. I urge you all to bring that experience to the table, and make your voices heard.

I am confident that after a constructive debate we will all be in a better position to measure, address and ultimately end child poverty.

A handwritten signature in black ink, appearing to read 'Iain Duncan Smith', written in a cursive style.

The Rt Hon Iain Duncan Smith
Secretary of State for Work and Pensions

Foreword

The Coalition Government is serious about child poverty and is united in its approach to tackling it. We are determined – even in difficult times – to create a real legacy of progress in this area.

Traditionally we have defined poverty simply by income. We know now that is not sufficient. The experience of child poverty is about more than whether their family income in a given week is low.

This consultation is not about abandoning the past. It is not about massaging the figures. It is instead about recognising the many dimensions of child poverty.

Income – or rather the lack of a decent income – is and will always be at the heart of what it means to be poor. This Government understands that. We know it to be true, and we are not running away from it.

However, as anyone who has ever experienced poverty will know, poverty is more than a lack of income. That is why, for example, we are consulting about including issues related to housing. It is legitimate to consider whether overcrowding, or the condition of a house or area, should be included, over and above simple measures of income.

Most fundamentally, we need to think about the causes of poverty, and routes out of poverty. Being poor but having a way out of poverty is radically different as a way of life to being poor and seeing no prospect of escaping poverty.

This Government is clear about the importance of work. Work, and an income, is the surest and most sustainable route out of poverty. We also know that being in work is a good way to get a better job.

The Government is leading by example. The Department for Education have just taken on another group of apprentices. When I talk to apprentices they tell me how their job has transformed their lives, and the lives of their children. And I find our apprentices are hard-working, effective colleagues. I really want to commend the apprenticeship programme to other employers.


Not everyone, of course, is well equipped to find work. That is why we are consulting on including a measure of parental skills in our definition of poverty. Someone without skills is less likely to be able to find work, and it is correspondingly more likely that their children will remain poor for an extended period of time.

If we include parental skills in our measure, we create an incentive for government to respond by creating more opportunities for those without skills to gain skills. By measuring poverty accurately, we make it more likely that government will do everything it can do to reduce the extent and duration of child poverty.



4 Foreword

We all know that what we measure matters. That is why this consultation matters. If our measure of the many dimensions of poverty is effective, then we will be tackle child poverty effectively. That, surely, is what we all want.

A handwritten signature in black ink that reads "David Laws". The signature is written in a cursive style and is positioned above a solid horizontal line that underlines the name.

The Rt Hon David Laws
Minister of State for Schools

The Child Poverty Act 2010 targets and measures apply across the United Kingdom. Any better measures of child poverty would also apply across the United Kingdom. We recognise that some of the important policy levers needed to reduce poverty are the responsibility of the Devolved Administrations. The Devolved Administrations are key partners in tackling the root causes of poverty and have each published strategies to achieve this. The Government will continue to work closely with the Devolved Administrations to reduce child poverty across all parts of the United Kingdom.

6 Summary

1. The Coalition Government is committed to ending child poverty. We recognise that to achieve this goal we must understand what it means to experience the reality of child poverty in the UK. This consultation document asks how we can best reflect the reality of child poverty using a multidimensional measure.
2. It is clear that we need to think differently about child poverty. The most recent child poverty statistics revealed a large reduction in the number of children living below the relative poverty threshold. However, this was largely due to a fall in the median income nationally that pushed the poverty line down. Absolute poverty remained unchanged and the children who were 'moved out' of poverty were in fact no better off than before.
3. A multidimensional measure will allow us to draw together our knowledge of what it means to grow up in poverty. It should tell us the total number of children growing up in child poverty in the UK, show us the severity of that poverty, show us how poverty affects different groups of children, be methodologically robust and be widely accepted by the public as a meaningful representation of child poverty in the UK.
4. Which dimensions to include in such a multidimensional measure will be vital to its success, and this question is at the core of this consultation. The dimensions suggested are a result of conversations with children, young people and charities, and analysis of academic evidence regarding factors that affect children's lives and life chances.
5. This document considers a number of potential dimensions: income and material deprivation, worklessness, unmanageable debt, poor housing, parental skill level, access to quality education, family stability and parental health. We welcome views on the specifics of each dimension as well as whether we should include other dimensions in a multidimensional measure of child poverty.

6. As well as what dimensions should be included in a multidimensional measure of child poverty we ask technical questions about how we should build such a measure.
7. The Coalition Government's vision for the future of the UK, as set out in the Child Poverty¹, Social Justice² and Social Mobility Strategies,³ is ambitious. The circumstances you are born into should not determine where you end up. Early intervention is crucial if this cycle is to be broken. Building a better understanding of what it means to grow up experiencing poverty is an important part of that vision.

1 Department for Work and Pensions (2011) A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives.

2 Department for Work and Pensions (2012) Social Justice: Transforming Lives.

3 Cabinet Office (2011) Opening Doors, Breaking Barriers: A Strategy for Social Mobility.

1. Following the publication of the most recent child poverty statistics in June, the Government set out its intention to consult on better measures of child poverty. This document marks the beginning of the formal consultation period, which will continue until February 15th 2013.
2. The Government is committed to ending child poverty and its plan to do so is set out in the 2011 Child Poverty Strategy.⁴ This consultation document does not set out the activities of the Coalition Government in tackling child poverty, but focuses on how we can best reflect the reality of child poverty in the UK using a better measure. This will also enable us to develop better policy solutions to address the causes of child poverty.
 - **Section One** of this document reaffirms the Government's commitment to ending child poverty and makes the case for a better measure.
 - **Section Two** proposes a number of dimensions that could be included in a multidimensional measure of child poverty.
 - **Section Three** asks a number of technical questions that will help the Government design a multidimensional measure of poverty.

⁴ Department for Work and Pensions (2011) A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives.

Talking about poverty

This consultation asks how the Government should measure child poverty. We recognise that income is important, but it is widely acknowledged that looking at income in isolation does not give an accurate picture of child poverty as seen and experienced by ordinary people.

The Government believes that we can produce a better measure of child poverty. In this document, where we have referred to *poverty*, we are asking about what it means to grow up experiencing the myriad of factors that make up the reality of child poverty in the UK today. Where we are referring to income alone we have made that explicit.

When responding to this consultation, or if you have any questions regarding its content, please use the following email address:

Measure.consultation@childpovertyunit.gsi.gov.uk

A postal address can be found at the back of this document.

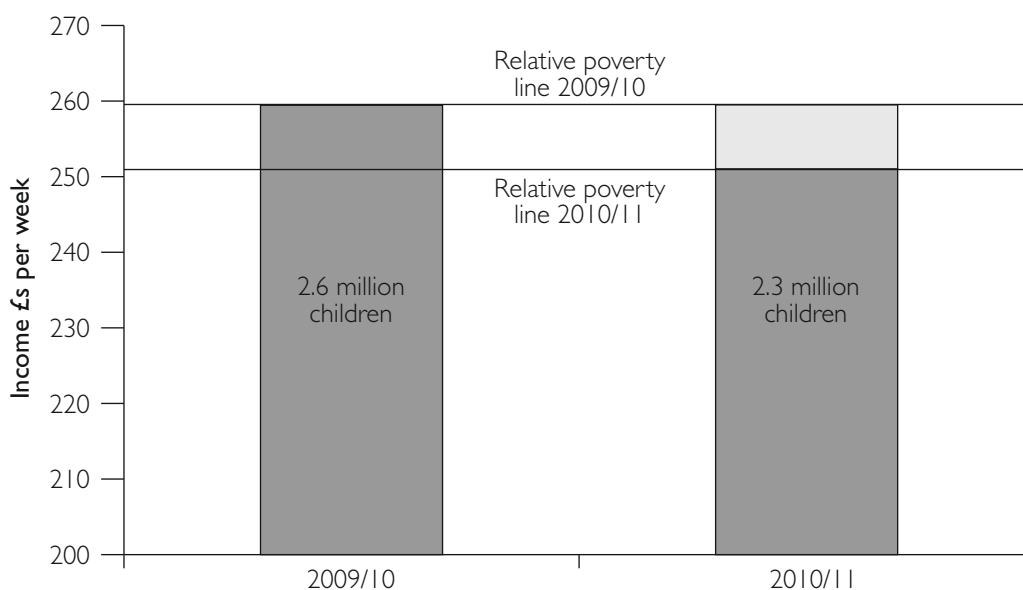
Measuring child poverty

It is time to think differently about how we measure poverty

1. The urgent need to rethink our approach to measuring poverty cannot be better illustrated than by the most recent child poverty figures for 2010-11, which were released in June 2012. These figures showed that 300,000 fewer children were in relative income poverty between 2009-10 and 2010-11. This was largely due to a fall in the median income nationally, which pushed the relative poverty line down⁵, as shown in Chart 1. Absolute poverty remained unchanged. For the 300,000 additional children no longer in poverty, life remained the same: disadvantage continued to limit aspiration and they were no better off.

⁵ Department for Work and Pensions (2012) Households Below Average Income: An analysis of income distribution. 1994/5-2010/11.

Chart 1: Changes in the relative poverty threshold and number of children living in relative poverty 2009/10-2010/11, UK



Source: Department for Work and Pensions (2012) Households Below Average Income: An Analysis of the Income Distribution.

2. We saw the same phenomenon at the local level. In 2010, at local authority level there was a decrease in child poverty rates (based on children in families in receipt of out of work benefits or in families in receipt of tax credits with relative low incomes) from 21.2 per cent to 20.6 per cent across the UK. This amounted to 70,000 children across the UK.⁶ The decrease in the number of children in relative income poverty was largely due to the fall of the poverty line rather than an improvement in their lives.
3. We must develop a better way of measuring child poverty which reflects the reality of growing up experiencing poverty in the UK today.

A shared commitment to ending child poverty

4. The Coalition's vision for the future of the UK is ambitious: to create a fair and meritocratic society where people are able to take responsibility for their own lives and reach their full potential. It is a huge challenge, but in the Social Justice⁷ and Social Mobility⁸ Strategies we set out how we will achieve it.
5. The Social Justice Strategy addresses the challenges that people face even getting their foot on the first rung of the social mobility ladder. It sets out how this Government will break down the barriers that prevent people finding work and taking responsibility for their lives. The Government's radical welfare reform programme ensures that once they do this they can be sure that their hard work will pay.

6 HMRC Website (2012) Child Poverty Statistics: The revised local child poverty measure. Snapshot as at 31 August 2010. www.hmrc.gov.uk/stats/personal-tax-credits/child_poverty.htm.

7 Department for Work and Pensions (2012) Social Justice: Transforming Lives.

8 Cabinet Office (2011) Opening Doors, Breaking Barriers: A Strategy for Social Mobility.

6. The Social Mobility Strategy sets out how we will encourage aspiration at every level of our society so that each and every child will have the opportunity to climb the social mobility ladder as high as their abilities can take them. Together, these strategies reinforce a core principle of the Coalition – that the circumstances of your birth should not determine where you end up.
7. There can be no doubt that child poverty has undermined the lives of generation after generation of families in the UK. It is clear that as a country we find this unacceptable.⁹ The cross-party support for the Child Poverty Act 2010 is testament to this, and **the Coalition Government remains committed to ending child poverty.**

The case for ending child poverty

8. It is clear that as a nation we accept the moral challenge of ending child poverty. Children who grow up in poverty all too often become the parents of the next generation to live in poverty.¹⁰ Where a child starts in life should not determine where they end up.
9. The repercussions of child poverty are, however, about more than the individual. Our whole society feels the impact. Whilst some children thrive despite growing up in poverty, poverty increases the risk of adverse outcomes including educational failure, teenage pregnancy, truancy and anti-social behaviour.¹¹
10. Child poverty also imposes a significant financial cost. Ending child poverty will reduce the amount we have been paying as a society on welfare and other support. Between 2005 and 2009 (the years when the child poverty rate remained broadly flat) the Government spent over £300 billion in working-age welfare and tax credits. In 2009/10 alone, £90 billion was paid out in welfare payments to working-age people and their families – the same spend as the entire education budget.¹²
11. Ending child poverty would also benefit our economy. The Coalition Government came to power facing unprecedented economic challenges. Its first priority remains to stabilise the economy and secure sustainable economic growth. To that end, we must equip our young people to compete in the modern world and free families who have been trapped on benefits so they can live independently and see their lives transformed.
12. The nature of an increasingly competitive and globalised world, where skills, productivity and innovation are cornerstones of success, means that it is of growing importance that all children achieve their full potential.
13. We know that children who receive Free School Meals are only around half as likely to achieve the five A*-C GCSEs (including English and Maths) that open the door to further education and employment as children who do not receive Free School Meals.¹³

9 Park, A. et al. (2011) British Social Attitudes Survey 28. National Centre for Social Research.

10 Allen, G. (2011) Early Intervention: the next steps.

11 Chowdry, H. et al. (2009) Drivers and Barriers to Educational Success: Evidence from the Longitudinal Study of Young People in England. Department for Children, Schools and Families Research Report 102.

12 Department for Work and Pensions (2011) A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives.

13 Department for Education (2012) GCSE and Equivalent Attainment by Pupil Characteristics. Department for Education Statistical First Release.

14. This basic lack of qualifications amongst so many of our most disadvantaged children not only shuts them out of many of the opportunities and experiences that society has to offer, but also has consequences for our economy.
15. People with five or more good GCSEs earn, on average, around 9-11 per cent more than people without these qualifications. Returns on A Levels are even higher, with a 14 per cent wage advantage for individuals who hold two or more.¹⁴
16. Increasing the amount of both 'basic' and 'higher' level skills in the economy and putting people in the right jobs for their talents can increase productivity and innovation, supporting long-term economic growth.

We need to act now

17. Tackling poverty is not a challenge to put off for easier economic times. Demographic changes mean that, by 2021, the number of under-16 year olds will have increased by 1.3 million.¹⁵ At the same time our population will have aged significantly and more elderly people will need care. This will mean that our workforce will carry a greater responsibility to provide economically for both the young and old.
18. It is our responsibility to build that workforce now, ensuring that we take advantage of all the skills, talent and enthusiasm of our young people. The 2011 Child Poverty Strategy¹⁶ sets out the wide range of action we are taking. In addition, the Government is introducing:
 - Universal Credit, which will make sure that work pays, putting an extra £300 million into childcare and helping 80,000 more families with children take their first steps into work; and,
 - the Pupil Premium. This year we are committing £1.25 billion to this, and are directing up to £50 million for a Pupil Premium Summer School scheme to help disadvantaged pupils leaving primary school prepare for secondary school.

We need better measures of child poverty

19. We need to have a better measure of the reality of child poverty and to be able to identify those children most severely affected.
20. The measures in the Child Poverty Act 2010 focus heavily on income to measure child poverty. They do not capture the full experience of growing up in poverty or the barriers to getting out of poverty.

14 Jenkins et al (2007) The Returns to Qualifications in England: updating the evidence base on level 2 and level 3 vocational qualifications, CEEDP 89. Centre for the Economics of Education, London School of Economics.

15 Office for National Statistics (2012) National Population projections: 2010-based reference volume, series PP2.

16 Department for Work and Pensions (2011) A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives.

The Child Poverty Act 2010 uses four measures:

- **Relative income:** household income less than 60 per cent of current median income;
- **Combined low income and material deprivation:** children who experience material deprivation and live in households with incomes less than 70 per cent of current median income;
- **Absolute income:** household income less than 60 per cent of 2010/11 median income adjusted for prices; and,
- **Persistent poverty:** household income less than 60 per cent of current median income for at least three out of the previous four years.

21. Income measures of relative poverty cannot show what it is like for a child to grow up with no parents going out to work, to witness them weighed down by debt, unable to help with homework or without the confidence to read a story. Similarly, income measures cannot illustrate the reality of living in a cold, damp house or flat, or going to a failing school.
22. The Government also measures social mobility, as set out in *Opening Doors, Breaking Barriers: A Strategy for Social Mobility*. This measures how a child is performing at various life stages (Foundation Years, School Years, Transition Year and Adulthood) by their social background. The Government also measures a range of health outcomes including child poverty through the Public Health Outcomes Framework¹⁷. These measures have a role in telling us about child poverty, and progress against them is vital to our future. However, they do not tell us about children's experience of growing up in poverty or what has caused them to be there.
23. If we are to capture the current circumstances and life chances of a child **we need to design a multidimensional measure of child poverty** that will illustrate the reality for children growing up in entrenched poverty in the UK today.

Income matters

24. Central to any measure of child poverty will be the inclusion of household income. In a recent report, Save the Children said that *'the debate about child poverty has become polarised between supporting family finances and taking steps to improve children's life chances'*.¹⁸ The Government is not playing a zero-sum game with child poverty measurement. There can be no doubt that **income is a key part of our understanding of child poverty and who it affects**. It is not, however, the only part.

17 Department of Health (2012) Improving outcomes and supporting transparency: A public health outcomes framework for England 2013-16.

18 Save the Children (2012) Ending Child Poverty: The importance of income in measuring and tackling child poverty.

Income does not tell us enough

25. The latest figures show that although 300,000 fewer children were in relative income poverty in 2010, this was largely due to a fall in income nationally which pushed the poverty line down.¹⁹ For these children, life remained the same and they were no better off. Our understanding of child poverty should not be based on the state of the economy but on the real lives of children.

The reality of growing up in child poverty in the UK

26. No two children's experiences of growing up are the same. Some children cope with chronic disadvantage, while others are more vulnerable to shocks. Some suffer disadvantage and still go on to live independent and successful lives despite everything.
27. Building an understanding of what lies behind poverty and what traps children there will be critical to ending child poverty. This Government accepts that the expertise to understand child poverty lies far beyond Whitehall. We spoke to children, young people and charities to inform this document and we will continue to work with them throughout the consultation to ensure that we capture the reality of child poverty in a new measure.
28. To end child poverty we need to understand how worklessness, debt, poor housing, family instability, and so many other factors impact on a child's current circumstances and life chances. We need to understand how such experiences interact with each other and which are the most important.
29. We know that we will be limited by the data available, but we believe that whilst developing a perfect measure is not possible, developing a better measure is. This consultation is the first step to achieving that.

A multidimensional measure of child poverty

30. The Government is interested in developing a **multidimensional measure of child poverty**.
31. A multidimensional measure of child poverty is a measure that looks across different elements of a child's experience of poverty. It goes wider than income alone to reflect changes across a range of dimensions, potentially with a mix of 'current poverty' and 'life chances' type measures.
32. It will allow us to consider a range of factors that, when taken together, will reflect the reality of growing up in poverty in the UK today and how this has an impact on outcomes in later life. Which factors to include in such a measure will be vital to its success, and this question is at the heart of the consultation.
33. The **purpose of the measure is to capture the reality of child poverty in the UK**.

¹⁹ Department for Work and Pensions (2012) Households Below Average Income: An analysis of the income distribution.

34. The Government believes a multidimensional measure should:
- give us a total number of children in the UK currently growing up experiencing multiple dimensions of poverty, which we can track through time;
 - show us the severity of a child's poverty so that we can tell which groups need the most help;
 - show us how poverty affects different groups of children, for example ethnic minorities or disabled children;
 - be widely accepted by the public and experts as a fair representation of those children who are growing up in poverty and those who are not; and,
 - be methodologically robust and draw on the best data that is available.

The importance of public support

A key criterion for the development of a multidimensional measure is that it is understood and accepted by the public. Surveys show that the public view of child poverty goes beyond income.²⁰ It is vital that the public see the new multidimensional measure as truly identifying the most disadvantaged children who need support.

For example, in 2012, a *Money Saving Expert* poll found that 62 per cent of respondents thought that having a family income below the relative poverty line does not count as poverty.²¹

To ensure that we properly reflect public opinion we will conduct a public opinion survey during this consultation.

35. The following chapters:
- suggest a number of dimensions that could make up a multidimensional measure of child poverty; and,
 - ask a series of practical questions that need to be answered before a multidimensional measure can be constructed.

20 Park, A. et al. (2011) British Social Attitudes Survey 28. National Centre for Social Research.

21 Money Saving Expert: June 2012: <http://www.moneysavingexpert.com/poll/19-06-2012/what-is-child-poverty-in-the-uk>.

Potential dimensions

2

1. We have already been listening to children, young people and charities about what they think we need to capture in a measure of child poverty.
2. The possible dimensions for inclusion set out below are based on these conversations and the evidence of what has an impact on children's lives and life chances:
 1. Income and material deprivation
 2. Worklessness
 3. Unmanageable debt
 4. Poor housing
 5. Parental skill level
 6. Access to quality education
 7. Family stability
 8. Parental health
3. We recognise that:
 - these dimensions are, by their nature, interrelated. For example, debt can cause material deprivation that can lead to poor housing and ill health. We will need to examine these interrelationships carefully when making final decisions on the design of the measure to ensure that it is robust;
 - these dimensions are not exhaustive and there may be other dimensions that are important. This is why we are consulting;
 - similarly, there are some dimensions that many people will think are important to a child's experience of growing up in poverty, but that we have not included in this document because they are very difficult to measure, for example parenting style and skill;

- not all the dimensions we have proposed will have suitable data we can use now and in some areas collecting new data will take time. Other data may not be robust at the national level; and,
- not all dimensions identified here will definitely be included. For instance, there may be a large overlap between two dimensions and it may therefore not be sensible to include both.

4. We welcome your views on the questions posed under each dimension, and in addition:

Q1: Are there other dimensions we should consider for inclusion in a multidimensional measure of child poverty?

DIMENSION 1: INCOME and MATERIAL DEPRIVATION

Definition: Income is the money coming into a household. This can be from salaries, benefits or returns on investments and savings. Children may be experiencing material deprivation if they lack the basic goods and services that they need.

Summary

1. Household income has a significant impact on childhood and life chances. The source of income matters. Income will be a central dimension of a multidimensional measure. How it is measured is important.
2. This is well illustrated by the most recent child poverty figures for 2010-11 which were released in June 2012. These figures showed that 300,000 fewer children were in relative income poverty. This was largely due to a fall in the median income nationally which pushed the poverty line down.²² Absolute poverty remained unchanged. For the 300,000 additional children no longer in poverty, life remained the same, disadvantages continued to block aspiration and they were no better off.
3. This highlights that looking at income in isolation does not reflect the reality of living in poverty. It can drive government to perverse decisions which focus on 'poverty plus a pound' rather than investing in areas that can make transformative change.

Levels and trends

- The median (average) household income of the population is £419 a week. For a couple with two children aged between five and 14 this equates to £641 per week.²³
- Income inequality fell by two percentage points between 2009/10 and 2010/11.²⁴
- There are higher rates of material deprivation for children in workless families.²⁵

Why income matters for children's experience of poverty

4. Household income plays a key role in a child's experience of growing up. This has a significant impact on childhood, for example:
 - twenty four per cent of teenagers in England in the bottom socioeconomic quintile reported playing truant at age 14 compared to 14 per cent in the middle quintile and eight per cent in the top quintile;²⁶

²² Department for Work and Pensions (2012) Household Below Average Income: An analysis of the income distribution 1994/5-2010/11.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Chowdry, H. et al. (2009) Drivers and Barriers to Educational Success: Evidence from the Longitudinal Study of Young People in England. Department of Children, Schools and Families. Research Report 102.

- twenty six per cent of children in the lowest income quintile failed to reach the expected level at age 11 compared to only three per cent of children in the richest quintile;²⁷
- children in low income households have lower expectations for the future than their peers, and also have considerably poorer self-esteem. At age 14, 77 per cent of children from the top socioeconomic quintile report that they are likely to apply to university and likely to get in, compared with 57 per cent of children in the middle quintile and 49 per cent in the bottom quintile. Believing that you are likely to apply to university and likely to get in is associated with higher educational attainment and lower participation in risky behaviours;²⁸
- families with children in the lowest income quintile are more than three times as likely to say that they cannot afford to keep their house warm than middle income families;²⁹ and
- families with children in the lowest income quintile are five times more likely to say that they cannot afford a warm winter coat than middle income families.³⁰

Why income matters for children's life chances

5. The impact of growing up in a low income household can last a lifetime; for example, poverty in its widest sense and low levels of income are powerful determinants of health and health inequalities.
 - Children from low income households are more at risk of earning less and being income poor themselves as adults than individuals who were not income poor as children. Children who were teenagers in relative low income in the 1980s are almost four times more likely to be in relative low income as adults.³¹
6. The length of time spent living on a low income is also important: persistent poverty has been found to have a larger cumulative negative impact on children's development than episodic poverty.³²

The source of income matters

7. Where income comes from is critically important. Income from benefits does not have the same effect as income from work. Parental employment is an important factor in improving children's life chances (as set out in more detail in Dimension 2).³³
 - Children in households where neither parent is in work are much more likely to have challenging behaviour at age five than children whose parents are both in paid employment.³⁴

27 Goodman, A and Gregg, P. (2010) Poorer Children's Educational Attainment: How important are attitudes and behaviour. Joseph Rowntree Foundation.

28 Chowdry, H. et al. (2009) Drivers and Barriers to Educational Success: Evidence from the Longitudinal Study of Young People in England. Department of Children, Schools and Families Research Report 102.

29 Department for Work and Pensions (2012) Household Below Average Income: An analysis of the income distribution 1994/5-2010/11.

30 Ibid.

31 Blanden, J. and Gibbons, S. (2006) The persistence of poverty across the generations. The Joseph Rowntree Foundation.

32 Dickerson, A. and Popli, G. (2012) Persistent poverty and children's cognitive development: Evidence from the UK Millennium Cohort Study CLS Cohort Studies Working Paper 2012/2

33 Cusworth, L. (2006) The impact of parental employment and unemployment on children and young people. Nottingham University.

34 Economic and Social Research Council Evidence Briefing (2012) Parenting Style Influences Social Mobility.

How we measure income matters

8. The current relative income measure can only tell us about how much money a household has coming in, it cannot tell us whether a household has assets in the form of savings or property. A family with significant assets is much better off than a family with the same income but no assets, as parents may have the resilience, budgeting skills and stability to be able to lift their own family out of poverty in a way that a family without assets and on a low income simply does not.

Relative income or absolute income?

A key question is whether relative income or absolute income matters more for children's experiences of poverty and their life chances.

Relative income measures income compared to how much other people (normally the average) have. It is in part a measure of inequality. Absolute income measures look at the income of each low income household compared to a fixed baseline.

This is an important difference when measuring poverty. With a relative income measure it is possible for relative income poverty to rise or fall even if a family's actual income is unchanged; this is due to changes in the average income. This is what we observed in 2010/11.

Absolute income can be defined in a number of ways. In the UK, incomes are currently assessed against 60% of the median in 1998/99³⁵ adjusted for inflation. Other absolute low income measures are defined by reference to the needs of the poor and not based on the whole population. This includes income thresholds used by the World Bank in developing economies.

For both relative and absolute income we will need to decide what income level constitutes poverty for a multidimensional measure.

How families spend their money matters

9. How families spend their income matters for children. Children in families which can budget between pay days, build savings and support their children's education are better off than children in other families which have the same income but struggle to budget. Measures of income do not capture this.

Housing costs and measurement

10. The Government considers the income of a household before housing costs have been factored in. The Government calculates income in this way because it allows us to compare our figures more easily with other countries and because after housing costs measures can underestimate the true living standard of families who choose to spend more on housing to attain a higher standard of accommodation.

35 From next year, the absolute low income threshold will be assessed against 60% of median in 2010/11.

Material deprivation

11. There are several measures of material deprivation for children. Different countries adopt different measures. The current UK measure has 21 items³⁶, including whether a family can afford to have friends around for tea once a fortnight and to celebrate special occasions such as birthdays. It may be right in a multidimensional measure of child poverty to include material deprivation within income.

Consultation questions

- Q2: How should we measure income as a dimension in a future multidimensional measure of child poverty? How important are relative and absolute income?
- Q3: How does the ownership of assets such as a house affect our understanding of poverty?
- Q4: How can an income dimension in a multidimensional measure of child poverty avoid the drawbacks associated with a simple income threshold?

DIMENSION 2: WORKLESSNESS

Definition: Worklessness means households where no one is in work. The Office for National Statistics defines a workless household as a household where no one aged 16 or over is in employment. These household members may be unemployed or inactive.³⁷

Summary

- I. Work generally improves people's wellbeing, including their mental and physical health. Conversely, being out of work, especially for long periods of time, can have a devastating impact upon parents' confidence, relationships, health and wellbeing. It can also have negative implications for their children.³⁸

“It’s my responsibility to provide for my child and it shows her that working is the best way to provide for your family – and that working has more benefits than just financial.”³⁹

Level and trends

- 1.75 million children are currently growing up in families where no one works, a decrease from two million in 2000.⁴⁰
- Fifty five per cent of children in workless families are in the bottom 20 per cent of incomes, as shown in Chart 2.⁴¹
- In 2011, about 11 per cent of children in the EU-25⁴² population lived in workless households, with the UK having the second highest proportion at 17 per cent.⁴³

37 Office for National Statistics (2012) Working and Workless Households. Office for National Statistics Statistical Bulletin.

38 Waddell, G. & Burton, K. (2006) Is Work Good for your Health and Well-Being? The Stationery Office; Black, C. (2008) Working for a healthier tomorrow: Dame Carol Black's Review of the health of Britain's working age population.

39 Working Links (2010) Leiane's Story http://www.workinglinks.co.uk/media_centre/latest_news/210211_leiane_benefits_working.aspx

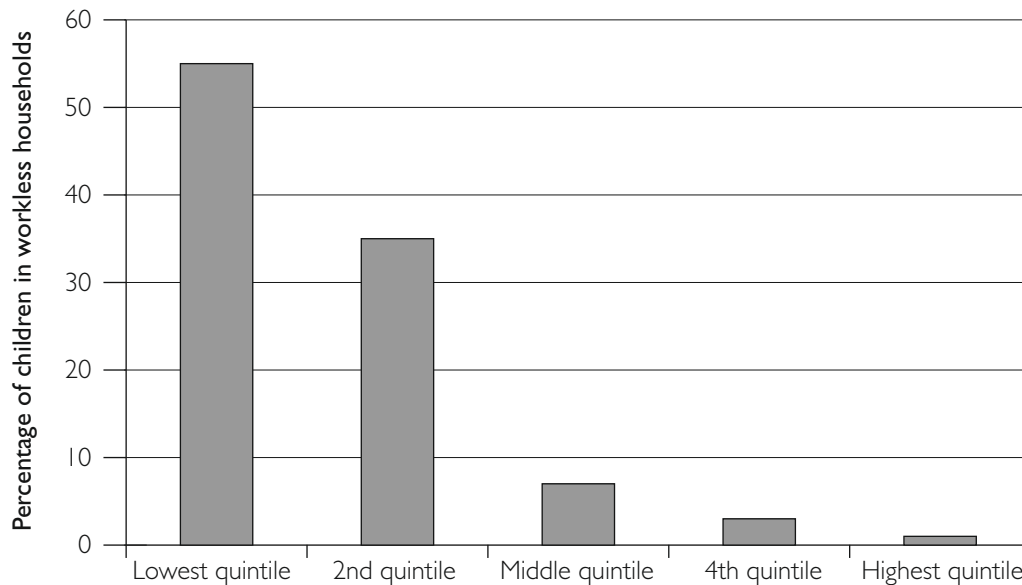
40 Office for National Statistics (2012) Working and Workless Households 2012. Office for National Statistics Statistical Bulletin.

41 Department for Work and Pensions (2012) Household Below Average Income: An analysis of the income distribution 1994/5-2010/11.

42 The EU-25 includes all countries in the EU except Bulgaria and Romania.

43 Eurostat TGM table 2011 http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-CD-07-001-04/EN/KS-CD-07-001-04-EN.PDF

Chart 2: Proportion of children in workless households by income quintiles, 2010/11, UK



Source: Department for Work and Pensions (2012) Household Below Average Income: An analysis of the income distribution 1994/5-2010/11.

Why worklessness matters for children's experience of poverty

2. Growing up in workless families significantly impacts on children's lives, for example:

- children in households where neither parent is in work are much more likely to have challenging behaviour at age five than children in households where both parents are in paid employment;⁴⁴
- growing up in a workless household is associated with poorer academic attainment and behavioural adjustment of young children (at age seven), poorer academic attainment (GCSE point scores) of young people (at Key Stage 4) and a higher risk of being not in education, employment and training (NEET) in late adolescence;⁴⁵
- children of lone parents reported that the increased status associated with having a parent in paid work can increase their own self-esteem;⁴⁶ and,
- worklessness also shapes children's development. In newly working households, parents have observed their children becoming more independent through learning to look after themselves and understanding the value of money.⁴⁷

44 Economic and Social Research Council (2012) Parenting Style Influences Social Mobility. Economic and Social Research Council Briefing Paper.

45 Barnes, M. et al. (2012) Intergenerational Transmission of Worklessness: Evidence from the Millennium Cohort Study and Longitudinal Study of Young People in England. Department for Education research report 234.

46 Millar, J. and Ridge, T. (2006) 'A fine balance: managing work and family life,' *Poverty*, Autumn 2006, 125:15-17.

47 Farrell, C. et al (2003) Low income families and household spending. DWP Research Report Series No. 192.

Why worklessness matters for children's life chances

“You want to get your parents down the job centre!”⁴⁸

3. The impact of growing up in a workless household can continue into adulthood, for example:
- boys who grow up in workless households are up to 25 per cent more likely to be unemployed as adults than boys whose fathers were in work as they grew up.⁴⁹

Consultation questions

Q5: How important is worklessness as a dimension in a future multidimensional measure of child poverty?

Q6: How should worklessness be measured?

Q7: Does the length of time for which a household is workless matter for measurement?

48 Young person from Skittlz Group, female, collected by members of the Child Poverty Unit in collaboration with the office of the Children's Commissioner.

49 Macmillan L. (2010) The Intergenerational Transmission of Worklessness in the UK. University of Bristol.

DIMENSION 3: UNMANAGEABLE DEBT

Definition: Unmanageable debt is difficult to define; each family's circumstances are different. In this context it is debt that has become a heavy burden, leaving families unable to pay their current bills and meet other commitments.

There are a number of different ways in which debt can be measured. Arrears on current bills and payments are considered to be a strong objective indicator of current financial difficulties. Other objective methods can be based on the costs of paying bills and servicing debts compared to a person's ability to pay these outgoings, but this needs detailed data which may not be readily available.

Summary

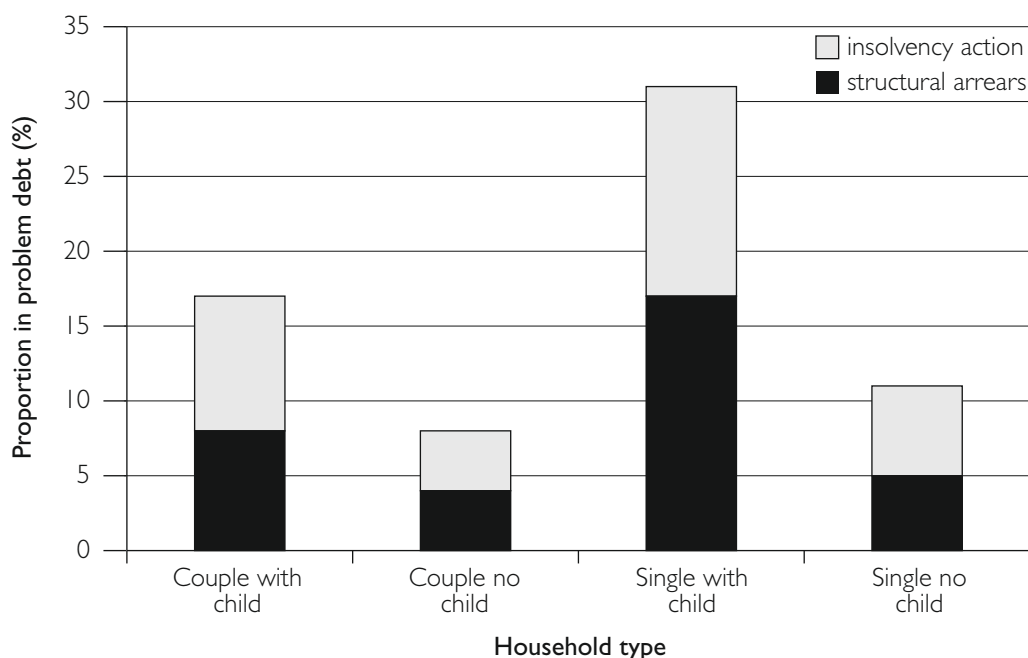
1. Unmanageable debt can leave families with insufficient income to meet their children's most basic needs. It can also act as a barrier to work and increase the risk of family breakdown and mental distress, the effects of which are felt by the children in the household.
2. Capturing debt is important as income measures cannot reflect the fact that the income of families is being spent on servicing debt rather than on the children's needs, nor can it reflect the stress and fear associated with not being able to pay bills on time.

Jelani (14) lives with his mother and four siblings. As the oldest child, he sees how the household finances are often a struggle for his mum – “she can't cope. We're always asking for too much... she's asking for loans and debts... she's putting her own life at risk.”⁵⁰

Levels and trends

- In 2010/11, 30 per cent of children in income poverty lived in households in arrears on one or more household bill.⁵¹
- The Consumer Credit Counselling service found that of their clients, families with children had on average over 20 per cent more unsecured debt than families without children.⁵²
- Lone parent households are three times more likely to have problem debt (31 per cent with problem debt) than households overall (nine per cent with problem debt),⁵³ as shown in Chart 3.
- In 2011, 120,000 individuals became insolvent in England and Wales.⁵⁴
- Interest payments for unsecured loans have risen over the past four years, while housing-related borrowing costs have fallen.⁵⁵
- Recent research by *Which? Magazine* found that consumers struggling to pay for food and bills are getting caught in a payday loans trap. Fifty seven per cent of those surveyed who had taken out payday loans reported being encouraged to take out further loans, and 45 per cent reported rolling over their loans at least once.⁵⁶

Chart 3: Proportion of households in problem debt, 2011, Great Britain



Source: Department for Business, Innovation and Skills (2011) Credit, Debt and Financial Difficulty in Britain.

51 Department for Work and Pensions (2012) Households Below Average Income: An analysis of the income distribution 1994/5-2010/11.

52 Consumer Credit Counselling Service (2012) Consumer Credit Counselling Service Statistical Year Book 2011.

53 Department for Work and Pensions (2012) Households Below Average Income: An analysis of the income distribution 1994/5-2010/11.

54 The Insolvency Service (2012) Insolvency Statistics: insolvency in the second quarter 2012.

55 Ibid.

56 Which? Magazine website 'New Which? research exposes payday loan failings: Struggling consumers in payday loan debt trap' (18 May 2012) <http://www.which.co.uk/news/2012/05/new-which-research-exposes-payday-loan-failings-286258/>.

Why debt matters for children's experience of poverty

3. Unmanageable debt has a profound effect on children. Servicing debts can leave families with insufficient income to meet their children's most basic needs.

“My kids are missing out on a lot... I've taken loans out with, like, lenders to get by. It was Christmas, so I had to pay that off. And then I needed some items for my household – a bed, wardrobes, chest of drawers – so I took another one out. It's a bit of a vicious circle.”⁵⁷
4. For those in poverty, the situation is worse as many credit providers often used by low income households are more expensive.⁵⁸ Save the Children calculated in 2010 that a basic cooker could cost a family without access to low interest credit more than two and a half times more than the same cooker bought outright.⁵⁹
5. In addition:
 - debt increases stress in households which can impact on children.⁶⁰ People with experience of mental distress are three times more likely to be in debt;⁶¹
 - Relate have found that money issues are the main cause of arguments within couples;⁶² and,
 - there is evidence to show that debt can be a barrier to work through the following routes:⁶³
 - it reduces morale;
 - financial planning can be more difficult, with people struggling to meet the additional costs associated with job search, for example phone calls and interview costs;
 - a bad credit rating can limit employment opportunities. Research found a widespread perception among unemployed people that there was little point in applying for jobs in the financial services sector, or for some security and retail jobs; and,
 - it can further reduce the incentive to work if entering work, or working more, means having to repay debt.

Why debt matters for children's life chances

6. The impact on a child's life chances of living in a household with unmanageable debt is little understood. It is not clear how far it shapes attitudes and so how far unmanageable debt is an intergenerational issue.
7. However, debt clearly increases the risk of material deprivation and family breakdown⁶⁴, which both have negative impacts on a child's life chances.

57 Action for Children (2012) The Red Book.

58 Mathers, I. and Sharma, N. (2011) A vicious cycle: the heavy burden of debt on low income families.

59 Save the Children (2011) The UK Poverty Rip-off, The Poverty Premium 2010.

60 Fitch, C. et al (2009) Debt and Mental Health: What do we know? What should we do? Royal College of Psychiatrists.

61 Meltzer, H. et al (2002) Social and Economic Circumstances of Adults with Mental Disorders. Office for National Statistics.

62 Relate (1998) Arguments Survey: consumer research. Cited in Social Justice Policy Group (2006) State of the Nation Report: fractured families. CSJ.

63 Gibbons, D. (2010) Out of Work and Out of Money. Manchester City Strategy.

64 Disney, R. et al (2008) Drivers of over-indebtedness: Report to the Department for Business, Enterprise and Regulatory Reform. University of Nottingham.

Pauline, a lone mother of three, is unemployed. She is permanently paying back loans, and repayments on these leave her struggling to pay the bills. Debt has clearly affected Pauline's daughters' experiences of childhood: "they're just constantly asking for things as kids do and... the guilt is terrible because you just couldn't do it, you just couldn't, you'd love to be able to go out and treat them and get them the wee things that they want but you just couldn't do it"⁶⁵

Consultation questions

- Q8: How important is unmanageable debt as a dimension in a future multidimensional measure of child poverty?
- Q9: What aspects of unmanageable debt should we be most concerned about capturing?

DIMENSION 4: POOR HOUSING

Definition: Poor housing is housing that is cold, damp, overcrowded, poorly repaired or in an unsafe or isolated area.

Summary

1. Growing up in poor housing or unsafe or isolated neighbourhoods can have a wide-reaching impact on children's health, wellbeing and educational outcomes.

“The young kids are always outside, even in the snow and the rain, their house is not their sanctuary, it's something to escape from.”⁶⁶

Levels and trends

- Nearly one in ten households with children (nine per cent) live in damp homes.⁶⁷
- One in four (26 per cent) homes fail the decent homes standard.⁶⁸
- In 2005, 1 in 4 children (25 per cent) were living in housing that qualified as 'bad' in at least one of the following three standards: overcrowded (15 per cent), poorly repaired (11 per cent) and/or inadequately heated (five per cent).⁶⁹
- Between 2001 and 2005, over one in eight children (13 per cent) persistently lived in overcrowded accommodation, six per cent in poorly repaired accommodation and four per cent in inadequately heated accommodation⁷⁰, as shown in Chart 4.

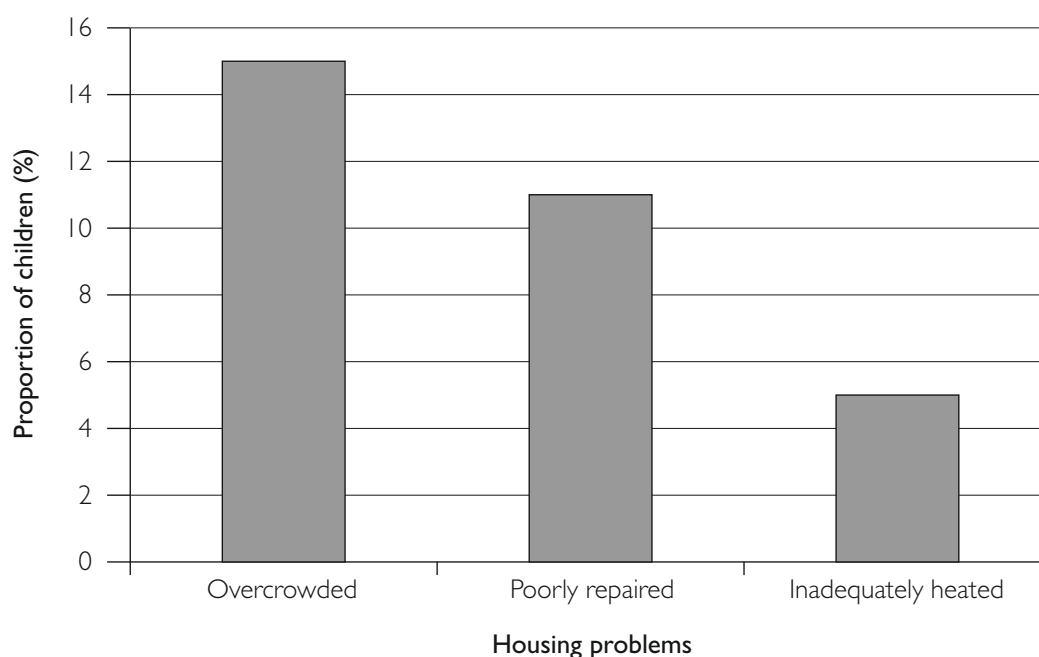
66 Young person from Voice Group, female, collected by members of the Child Poverty Unit in collaboration with the Office of the Children's Commissioner.

67 Barnes, M. et al. (2008) *The Dynamics of Bad Housing: the impact of bad housing on the living standards of children*. National Centre for Social Research Analysis of the FACS which interviews the same families at annual intervals.

68 Ibid.

69 Ibid.

70 Ibid.

Chart 4: Proportion of children living in bad housing in 2005, Great Britain

Source: Barnes, M. et al. (2008) *The Dynamics of Bad Housing: the impact of bad housing on the living standards of children*. National Centre for Social Research.

Why poor housing matters for children's experience of poverty

2. The housing they live in and its location is associated with a significant negative impact on children's day to day lives, for example:
 - twenty five per cent of children who persistently lived in accommodation in a poor state of repair had a long-standing illness or disability, compared to 19 per cent who lived in this type of bad housing on a short-term basis;⁷¹
 - individuals living in damp, mouldy homes are up to three times more prone to coughing and wheezing than individuals in dry homes;⁷²
 - almost one in four children living in lone parent families where the parent worked less than 16 hours a week experienced persistent overcrowding compared with only around one in ten children where the lone parent worked 16 hours or more;⁷³ and
 - ten per cent of all children in couple families where both parents worked less than 16 hours a week experienced inadequate heating on a persistent basis, compared with just two per cent of children in couple families where at least one parent worked 16 hours or more.⁷⁴

71 Barnes, M. et al. (2008) *The Dynamics of Bad Housing: the impact of bad housing on the living standards of children*. National Centre for Social Research

72 Ibid.

73 Ibid.

74 Ibid.

Kesia (9) shares a bed with her mum, sister and brother. She would like her own bedroom – “I’d share it with my little sister so only two people... but like not three or four people crowded in one bedroom”. Kesia’s brother Zaid (12) worries about the level of damp in the house: “like, when you touch the walls it’s wet... and like, it doesn’t look nice”. Worryingly, this has started to affect his brother’s health: “I have asthma and at night I can’t breathe properly”.⁷⁵

Why poor housing matters for children’s life chances

3. The impact of growing up in poor housing on a child’s outcomes as an adult is little understood. It clearly has an effect on health, the consequences of which can reach into adulthood. For disabled children, poor housing also means unsuitable housing, and this could impact on health and other outcomes.

The role of families’ local area

4. The area in which children grow up affects their experience of childhood, their life chances and their parents’ prospects of gaining secure and sustainable employment. Those living in the most deprived areas tend to have substantially poorer educational outcomes, employment rates and levels of wealth⁷⁶ – this can be the case in both urban and rural areas.
5. Families living within deprived areas can face additional barriers to accessing services and job opportunities, such as poor transport connections.⁷⁷

“It’s living in estates. They breed poverty. You don’t have a diverse set of people, they’re all upset with life with no prospects and there’s no way to diffuse it”⁷⁸

“You can tell what’s a good and a poor area by looking at the shops. Where I live now there’s just pawnbrokers, cash shops and betting shops.”⁷⁹

6. There is evidence that in areas with high levels of worklessness, public services are often of poorer quality and are overstretched by the level of demand placed on them.⁸⁰

Consultation questions

- Q10: How important is poor housing as a dimension in a future multidimensional measure of child poverty?
- Q11: What aspect of poor housing should be captured in a measure?
- Q12: How can we consider the impact of where children grow up when measuring child poverty?

75 Barnardo’s (2009) *Below the Breadline: A Year in the Life of Children in Poverty*.

76 National Equalities Panel (2010) *An Anatomy of Economic Inequality in the UK*.

77 Department for Transport (2007) *Evidence Based Review of Mobility Choices and Barriers for Different Social Groups*. Commission for Rural Communities.

78 Young person from Voice Group, female, collected by members of the Child Poverty Unit in collaboration with the office of the Children’s Commissioner.

79 Ibid.

80 Department for Communities and Local Government (2006) *Economies of Deprived Neighbourhoods*.

DIMENSION 5: PARENTAL SKILL LEVEL

Definition: Parental skill level describes the level of education and employability of a child's parents.

Summary

- I. Parental skill level significantly impacts on children in poverty; low skills increase the likelihood of parents being unemployed, low paid and so in poverty, and also negatively impact on children's development. Low skills are a key determinant of the length of time for which a family will be in poverty.

Amanda achieved Level 2 qualifications in literacy and numeracy: "These are the skills which you need throughout life and which underpin everything that you do at home and at work. I tell my own children that they should continually learn to achieve their goals and I hope that I'm a good role model for them."⁸¹

Levels and trends

- Twenty two per cent of working age people in England have either no qualifications or qualifications below GCSE A*-C grade (Level 2 qualification). This has reduced from 28 per cent in 2006, as shown in Chart 5. Level 2 is the highest qualification of 19 per cent of the population, and this has remained fairly constant over time.⁸²
- There was an increase in workers in high-skilled jobs between 1990 and 2010, whilst the number of workers in medium-skilled jobs fell.⁸³
- There is evidence for wage persistence. If a worker begins his/her career in a low-paying job, he/she is very likely to stay in a low-paying job. Sixty per cent of the bottom ten per cent of earners in 2001/02 were among the bottom 30 per cent of earners in 2008/09.⁸⁴

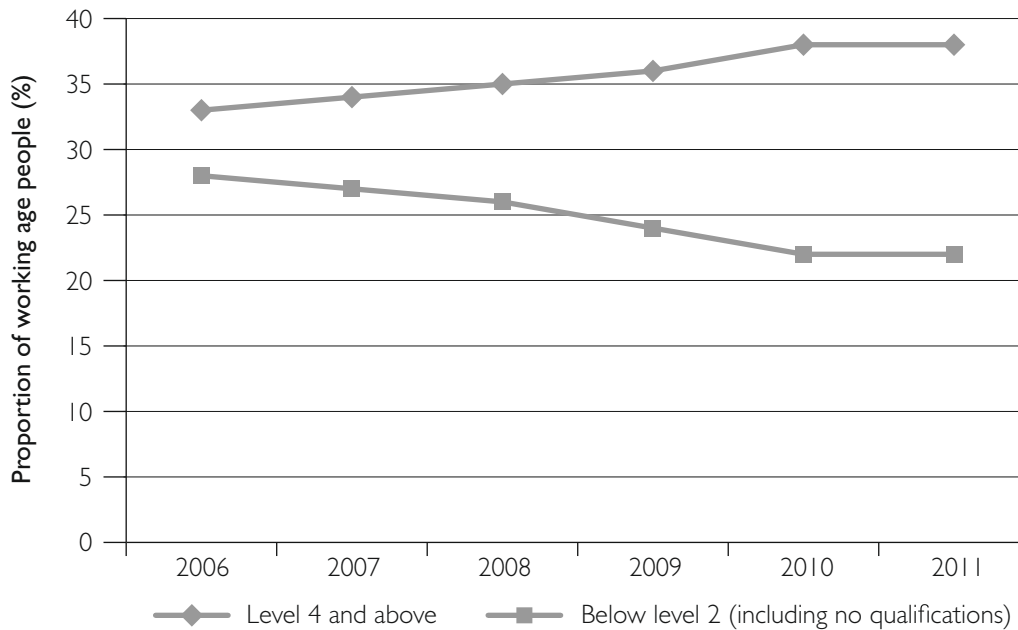
81 Department for Universities, Innovation and Skills (2009) Skills for Life: Changing Lives.

82 Department for Business Innovation and Skills (2012) Post 16 Education and Skills: Learner participation, outcomes and level of highest qualification held for working age population in England. BIS Statistical First release.

83 Wilson, R. and Homenidou, K. (2012) Working Futures 2010-2020. Evidence Report 41. Skill levels as defined by Brewer M. et al (2012) Poverty and Inequality in 2020: Impact of Changes in the Structure of Employment. Joseph Rowntree Foundation.

84 Sissons, P. (2011) 'The Hourglass and the Escalator: Labour market change and mobility'. The Work Foundation.

Chart 5: Proportion of the working age population with high or low skills, 2006-2011, England



Source: Department for Business Innovation and Skills (2012) Post 16 Education and Skills: Learner participation, outcomes and level of highest qualification held for working age population in England. BIS Statistical First release.

Why parental skill level matters for children's experience of poverty

2. Parental skill levels are critical for children's experience of poverty, in particular for how long they remain in poverty. For example:
 - couple families where neither parent has any qualifications are more than twice as likely to be in persistent, rather than temporary relative income poverty;⁸⁵
 - the employment rate for those with a Level 4 and above on the National Qualifications Framework is 83.9 per cent whereas for those with no qualifications it is only 39.8 per cent,⁸⁶ as shown in Chart 6;
 - those with lower skills earn less; an individual with Level 4 and above qualifications earns on average twice as much as one with no qualifications;⁸⁷ and
 - mothers' qualification levels, along with the home learning environment, have the greatest impact on the variability in children's cognitive outcomes at age five, explaining about 18 per cent of this variation.⁸⁸

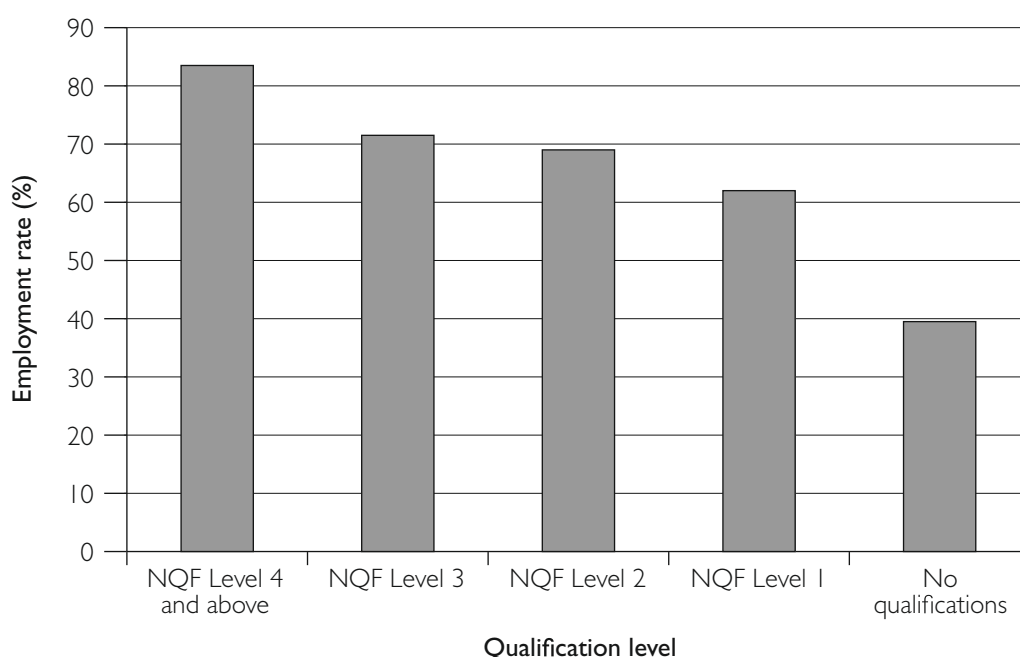
85 Barnes, M. et al (2008) The circumstances of persistently poor families with children: Evidence from the Families and Children Study (FACS). Department for Work and Pensions.

86 Hasluck, C. (2011) Low Skills and Social Disadvantage in a Changing Economy. UK Commission for Employment and Skills Briefing Series Paper.

87 Ibid.

88 Washbrook, E. (2010) Early environment and child outcomes: an analysis commission for the independent review on poverty and life chances. Bristol.

Chart 6: Employment rate of the working age population by highest qualification gained, 2010, UK



Source: Hasluck, C. (2011) Low Skills and Social Disadvantage in a Changing Economy. UK Commission for Employment and Skills Briefing Series Paper

Why parental skill level matters for children's life chances

3. The impact of growing up in a household with low parental skills can last into adulthood, for example:
 - where parents have low qualification levels, only around one quarter of their children will have gained high level qualifications by the age of 34 compared with over two thirds of children of high achieving parents.⁸⁹
4. This is increasingly relevant because the skills profile of the labour force is expected to change over the next decade as sectors where higher qualifications are needed become more significant.
 - In 2004, less than half the workforce had qualifications of Level 3 and above, but by 2020 this is expected to rise to over two thirds.⁹⁰

Consultation questions

Q13: How important is parental skill level as a dimension in a future multidimensional measure of child poverty? What level of skills matters?

Q14: How can we best capture parental skill level in a new child poverty measure?

⁸⁹ Organisation for Economic Cooperation and Development (2012) Education at a Glance. OECD.

⁹⁰ Dickerson, A. and Lindley, J. (2008) Parental Qualifications and Child Poverty in 2020 Joseph Rowntree Foundation.

DIMENSION 6: ACCESS TO QUALITY EDUCATION

Definition: Access to quality education means accessing a quality early years education and attending a successful school.

Summary

- I. Children's experience and attainment at school is a key part of growing up and has a long lasting impact on their futures. Lack of access to a quality early years education can mean children start school already behind their peers. Attending a failing school can crush ambition, whereas attending a school with great teachers, facilities and ethos can open the doors of aspiration and achievement.⁹¹

Levels and trends

- By age five, children from the poorest fifth of homes were, on average, almost a year behind children from middle income homes in their vocabulary.⁹²
- Forty four per cent of children eligible for Free School Meals in England achieved a 'good level of development' in the Early Years Foundation Stage in 2010/11 compared to 62 per cent of all other children.⁹³
- In 2010, 63 per cent of the primary schools in England below the floor standard were located in the most disadvantaged third of communities.⁹⁴
- Fifty eight per cent of children eligible for Free School Meals in England achieved Level 4 in both English and Maths at the end of Key Stage 2 compared to 78 per cent of all other children,⁹⁵ as shown in Chart 7.
- Children eligible for Free School Meals are less likely to progress to A Levels and Higher Education.⁹⁶
- Only one in five children in the poorest socioeconomic quintile in England managed to gain five or more GCSEs at grades A*-C including English and Maths, compared to almost three quarters in the richest quintile,⁹⁷ as shown in Chart 8.

91 The Sutton Trust (2011) Improving the Impact of Teachers on Pupil Achievement: Interim Findings.

92 Waldfogel, J. and Washbrook, E. (2010) Low Income and Early Cognitive Development in the UK. Sutton Trust.

93 Department for Education (2011) Early Years Foundation Stage Profile Attainment by Pupil Characteristics in England, 2010/11: Statistical First Release.

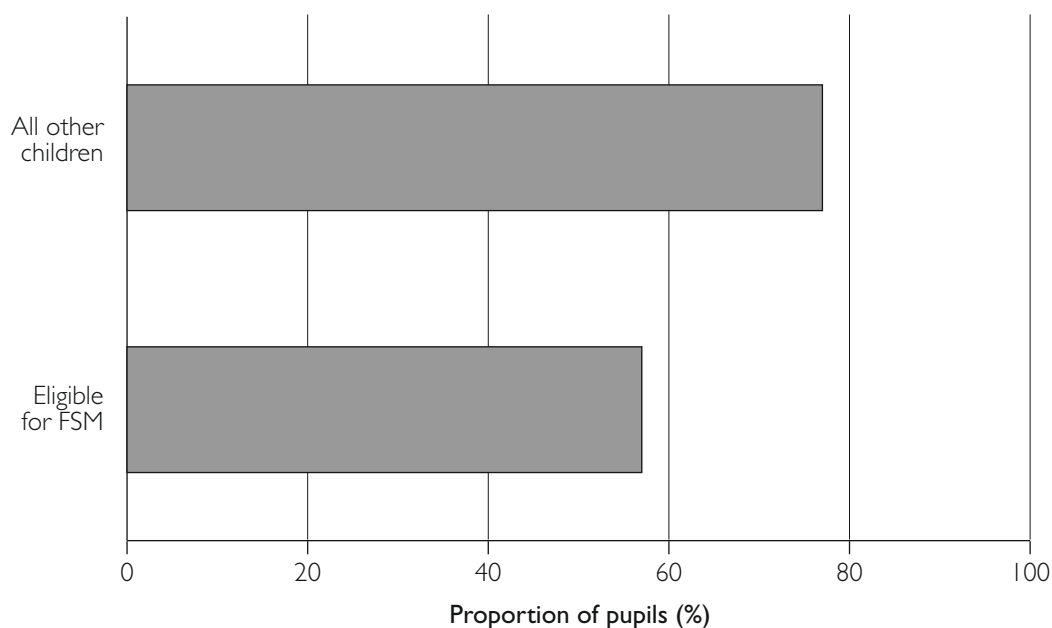
94 Department for Education (2011) Underperforming Schools and Deprivation: A statistical profile of schools below the floor standards in 2010.

95 Department for Education (2011) National Curriculum Assessments at Key Stage 2 in England 2010/2011 (revised). DFE Statistical First Release.

96 Department for Education (2012) Level 2 and 3 Attainment by Young People in England Measured Using Matched Administrative Data: Attainment by Age 19 in 2011. Department for Business, Innovation and Skills (2011) Widening Participation in Higher Education: Analysis of progression rates for young people in England by free school meal receipt and school type.

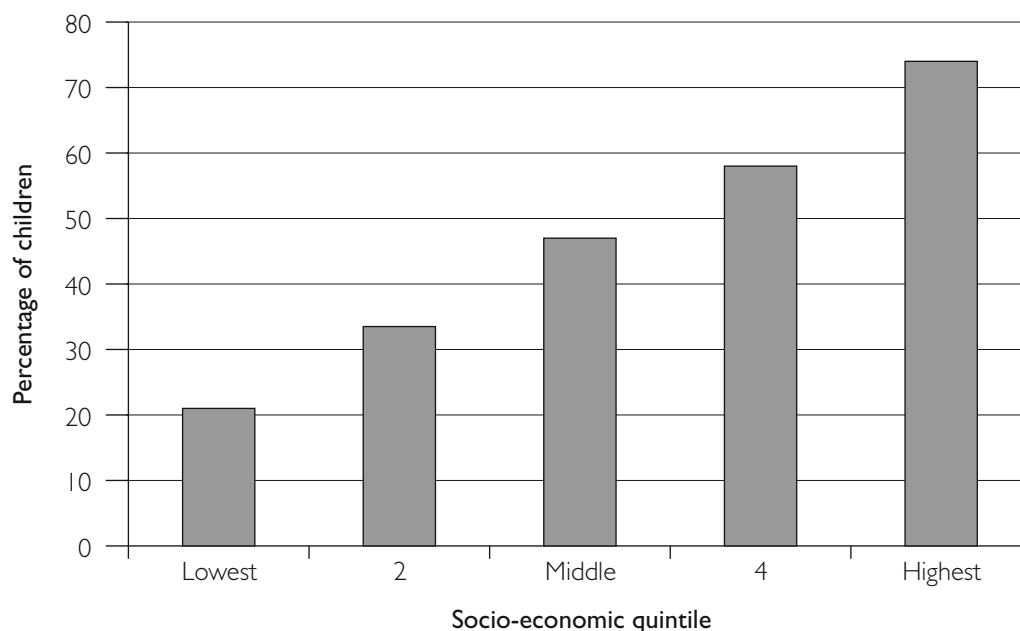
97 Chowdry, H. et al (2009) Drivers and Barriers to Educational Success: Evidence from the Longitudinal Study of Young People in England. Department for Children, Schools and Families Research Report 102.

Chart 7: Proportion of children achieving Level 4 in both maths and English at Key Stage 2 by Free School Meal status, 2011, England



Source: Department for Education (2011) National Curriculum Assessments at Key Stage 2 in England 2010/2011 (revised) Statistical First Release.

Chart 8: Pupils gaining five or more GCSEs grades A*-C including English and maths by socio-economic quintile, England



Source: Chowdry, H. et al (2009) Drivers and Barriers to Educational Success: Evidence from the Longitudinal Study of Young People in England. Department for Children, Schools and Families Research Report 102.

Why access to quality education matters for children's experience of poverty

2. Children's access to quality education (including early years education) has a significant impact on their childhoods. For example:
 - poorer children are significantly less likely to have a supportive home environment and are less likely to be read to every day (42 per cent) than children from the richest families (79 per cent);⁹⁸
 - high quality pre-schooling is related to better intellectual and social/behavioural development for children. The beneficial effects of pre-school remain evident to age 11;⁹⁹
 - poor reading and writing scores at primary school are strongly associated with later low achievement in secondary school. About 14 per cent of the incidence of low achievement is attributable to school quality;¹⁰⁰
 - education has as great an effect on children's health as the effect of income does;¹⁰¹ and
 - better education can reduce behavioural problems and the chances of committing risky behaviours, such as smoking and engagement in anti-social behaviour.¹⁰²

“We have no way out. The local school is terrible and we can't afford to move.”¹⁰³

Why access to quality education matters for children's life chances

3. How well you do at school is one of the strongest determinants of how well you go on to do as an adult. For example:
 - learning early helps further learning, and skills acquired early facilitate later learning;¹⁰⁴
 - five A*-Cs at GCSE carry a wage return of around ten per cent and a first degree carries a return of between 25 and 30 per cent;¹⁰⁵
 - poor attainment in secondary schools is important in explaining lower participation rates in post-16 schooling among students from disadvantaged backgrounds.¹⁰⁶ This leads to lower lifetime earnings and higher chances of economic inactivity later in life;¹⁰⁷

98 Goodman, A. and Gregg, P. (2010) Poorer children's educational attainment: how important are attitudes and behaviour? Joseph Rowntree Foundation.

99 Sylva, K. et al (2008) EPPE 3-11 Final Report from the Primary Phase: Pre-School, School and Family Influences on Children's Development during Key Stage 2 (Age 7-11). DCSF.

100 Cassen R. and Kingdon G. (2007) Tackling Low Educational Achievement. Joseph Rowntree Foundation.

101 Feinstein, L. et al (2006) 'What are the effects of education on health?' in OECD (2006) Measuring the Effects of Education on Health and Civic Engagement: Proceedings of the Copenhagen Symposium.

102 *ibid.*

103 The Centre for Social Justice (2007) Breakthrough Britain: Educational failure.

104 Carneiro, P. and Heckman, J. (2003) Human Capital Policy University College London.

105 Jenkins, J. et al (2007) The Returns to Qualifications in England, Updating the Evidence Base on Level 2 and Level 3 Vocational Qualifications. CEE Discussion Paper no. 89.

106 Chowdry, H. et al (2010) Widening Participation in Higher Education: Analysis using Linked Administrative Data. Institute of Fiscal Studies.

107 Department for Business Innovation and Skills (2011) Building Engagement, Building Futures.

- lower levels of educational achievement can increase the likelihood of engaging in criminal activity;¹⁰⁸ and
- those with higher educational attainment have a lower risk of poor health.¹⁰⁹ For example, researchers found that education significantly reduces the risk of adult depression, particularly for women. They estimated that having a secondary education qualification reduces the risk of depression at age 42 by five to seven percentage points.¹¹⁰

“Education’s very important to your life really because if you get a good education you can go to uni.”¹¹¹

Consultation questions

Q15: What impact does attending a failing school have on a child’s experience of poverty?

Q16: What impact does attending a failing school have on a child’s life chances?

Q17: How should access to quality education be measured?

108 Cassen, R. and Kingdon, G. (2007) Tackling Low Educational Achievement. Joseph Rowntree Foundation.

109 Feinstein, L. et al (2006) ‘What are the effects of education on health?’ in OECD (2006) Measuring the Effects of Education on Health and Civic Engagement: Proceedings of the Copenhagen Symposium

110 A. Chevalier and L. Feinstein (2006) “Sheepskin or Prozac: The Causal Effect of Education on Mental Health”. Centre for Research on the Wider Benefits of Learning.

111 Young person from Skittlz Group, male, collected by members of the Child Poverty Unit in collaboration with the Office of the Children’s Commissioner.

DIMENSION 7: FAMILY STABILITY

Definition: Family stability describes when children grow up in a stable family environment without experiencing family breakdown.

Summary

1. Family stability is important to a child's experience of growing up and to their life chances. A multidimensional measure of child poverty that is able to reflect this will give a more realistic indication of what it means to grow up in child poverty.

*"It's not material goods that make a home, it's who you're with."*¹¹²

Levels and trends

- There were two million lone parents with dependent children in the UK in 2011 – increasing steadily from 1.7m in 2001.¹¹³
- In 2005, step families were the fastest growing form of family in the UK with ten per cent of families recorded as step families.¹¹⁴
- The pattern of forming partnerships in the UK has changed, with a falling trend in the number of people marrying and an increase in the number of people cohabiting: families consisting of a cohabiting couple with or without children increased from 12.5 per cent of all families in 2001 to 15.3 per cent in 2010.¹¹⁵

Why family stability matters for children's experience of poverty

2. Children who have experienced family breakdown are more likely to experience income poverty, socioeconomic disadvantage, physical ill health and behavioural problems.¹¹⁶ Growing up in a violent household and witnessing domestic violence can also harm children's outcomes.¹¹⁷ For example:
 - fifteen per cent of couple households moved into persistent income poverty as a result of family breakdown;¹¹⁸
 - as shown in Chart 9, twenty-two per cent of children in lone parent families were in relative income poverty in 2010/2011 compared to 18 per cent of all children.¹¹⁹ Twenty four per cent of lone parent families moved out of income poverty as a result of moving into a couple household;¹²⁰

112 Young person from Skittlz Group, female, collected by members of the Child Poverty Unit in collaboration with the Office of the Children's Commissioner.

113 Office for National Statistics (2012) Families and Households 2001-2011.

114 Office for National Statistics (2007) Focus on Families.

115 Office for National Statistics (2011) Social Trends, No 41.

116 Walker, J. et al. (2010). Relationships Matter: Understanding the needs of adults (particularly parents) regarding relationship support. Department for Children, Schools and Families research report 233.

117 Mooney, A. et al. (2007) Impact of family breakdown on children's wellbeing, evidence review. Department for Children, Schools and Families.

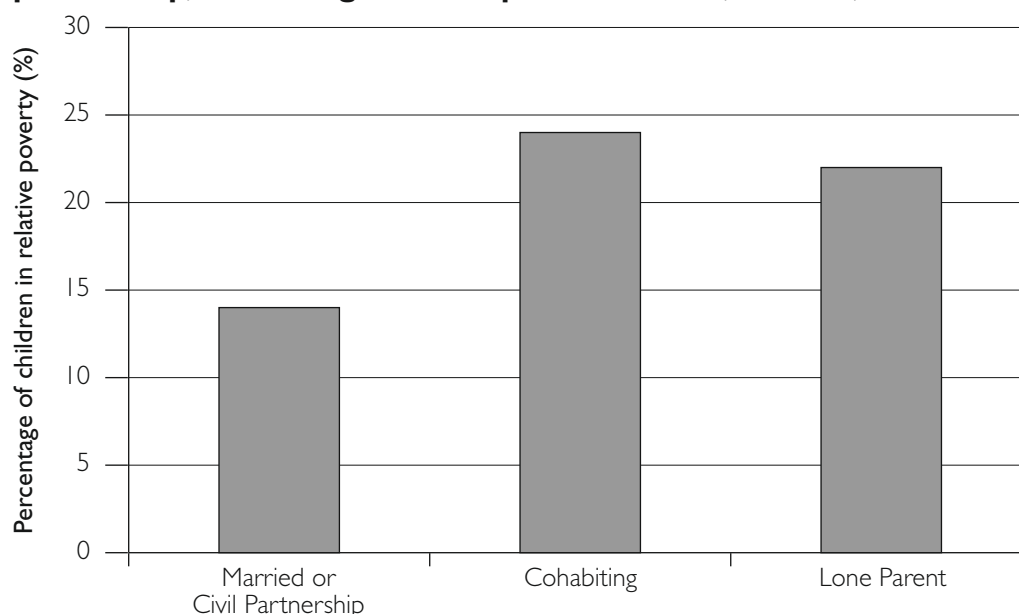
118 Department for Work and Pensions (2006) Low-Income Dynamics, 1991-2004.

119 Department for Work and Pensions (2012) Households Below Average Income: An Analysis of the Income Distribution 1994/5-2010/11.

120 Department for Work and Pensions. (2006) Low-income Dynamics, 1991-2004.

- thirty two per cent of children in lone parent families live in households in the poorest 20 per cent of incomes, compared to 20 per cent of those in couple families;¹²¹
- after a marital split, the income of women with children falls on average by 12 per cent, but separating fathers' available income actually increases by 31 per cent;¹²²
- one in five mothers with low qualifications and poor housing before separation from a partner experienced greater deprivation following relationship breakdown;¹²³
- moving from couple to lone parenthood is associated with high rates of leaving employment;¹²⁴ and,
- ninety per cent of mothers consider it 'important' that a child grows up living with both parents, 60 per cent consider it 'very important'.¹²⁵

Chart 9: Risk of being in relative child poverty for married/civil partnership, cohabiting and lone parent families, 2010/11, UK



Source: Department for Work and Pensions (2012) Households Below Average Income: An Analysis of the Income Distribution 1994/5-2010/11.

Jane (32) is a lone parent living in a deprived area with her five young children. Since her relationship with the father of her four eldest children ended she has struggled financially as he has not provided any practical support or paid her any child maintenance. As a result she feels “forced into debt” to give her children a decent life: “I watch every single penny that I have... I mean I’ve seen times where I haven’t had enough to buy food for me and the kids...”¹²⁶

121 Department for Work and Pensions (2012) Households Below Average Income: an analysis of the income distribution 1994/5-2010/11.

122 Jenkins S. (2008) Marital Splits and income changes over the longer term, Institute for social and economic research, University of Essex. This covers the period 1998-2004.

123 Barnes, M. (2010) Child Poverty in Britain: Causes and consequences. National Centre for Social Research.

124 Paull, G. (2007) Partnerships Transition and Mother's Employment. Department for Work and Pensions Research Report 452.

125 Mooney A. et al. (2007) Impact of family breakdown on children's wellbeing, evidence review. Department for Children, Schools and Families.

126 Barnardo's (2009) Below the Breadline; A Year in the Life of Children in Poverty.

Why family stability matters for children's life chances

3. There is a relationship between experiencing family breakdown as a child and poor outcomes as an adult. For example:
- where children are drawn into parental conflict they are more likely to suffer poor outcomes, do less well at school and run away from home.¹²⁷

Robert was just 16 years old when he was “kicked out of home”: “Basically, my mum had a boyfriend... I think this happens a lot: mum has a boyfriend, boyfriend and her son don’t get on, end up rowing. We got into blows one day. I’ve got little sisters and it wasn’t nice for them to see that. So, I left... I was on my own, I was so lonely. I squatted for a while, then lived in a hostel.”¹²⁸

Consultation questions

- Q18: How important is family stability as a dimension in a future multidimensional measure of child poverty?
- Q19: How important is the long term involvement of both parents to their child's experience of poverty and life chances?
- Q20: How important is the presence of a father to a child's experience of poverty and life chances?
- Q21: Which experiences associated with family stability should be captured in a measure?

¹²⁷ Mooney A. et al (2009) Impact of Family Breakdown on Children's wellbeing: Evidence Review: Department for Children, Schools and Families Research Report 113. DCSF.

¹²⁸ Action for Children (2012) the Red Book.

DIMENSION 8: PARENTAL HEALTH

Definition: Parental health describes both the mental and physical health of adults with children.

Summary

- I. A parent's health can significantly impact on their children. Some children need to care for their parents, others witness alcoholism, drug abuse or mental illness. Parental ill health can also act as a barrier to employment.

“My mum’s not drinking. It makes me happy...I used to take care of my mum but now she takes care of me.”¹²⁹

Levels and trends

- Thirty two per cent of children living in families with a disabled adult are in the bottom income quintile compared to 21 per cent where no one in the family is disabled,¹³⁰ as shown in Chart 10.
- Only 21 per cent of people with mental health conditions are in employment compared to around 74 per cent for the overall working age population, and around 47 per cent for all people declaring a disability as defined by the Disability Discrimination Act.¹³¹
- Employment rates for those with a more serious mental health condition have fallen steadily over four decades.¹³² People with a learning disability have an employment rate of just seven per cent.¹³³
- The prevalence of mental illness is twice as common in the lowest income quintile compared to the highest.¹³⁴
- The prevalence of drug dependence is greater in men and women from lower income groups.¹³⁵
- Between 250,000 and 350,000 children in Great Britain have parents who are problem drug users.¹³⁶
- Twenty two per cent of under 16 year olds in the UK (over 2.5 million children) live with a hazardous drinker (hazardous drinking is defined as a pattern that increases the risk of harmful consequences to the user or others).¹³⁷
- Four per cent of under 16 year olds in the UK (approximately half a million children) live with a problem drinker who also has a coexisting mental health condition.¹³⁸

129 Department for Education (2011) Improving Support for Young Carers – family focussed approaches. <https://www.education.gov.uk/publications/eOrderingDownload/DFE-RR084.pdf>.

130 Perkins, R. and Rinaldi, M. (2002) Unemployment rates among patients with long-term mental health problems. A decade of rising unemployment. *Psychiatric Bulletin*.

131 Ibid.

132 Marwaha, S. and Johnson, S. (2004) Schizophrenia and employment: a review. *Social Psychiatry and Psychiatry Epidemiology*, 39, 337-349.

133 4 Children (2012) *The Enemy Within: A Million Reasons to Tackle Family Conflict and Family Violence*. 4 Children.

134 McManus S, Meltzer H, Brugha T, Bebbington P, Jenkins R. (2009). *Adult psychiatric morbidity in England, 2007. Results of a household survey*. Leeds: NHS Information Centre.

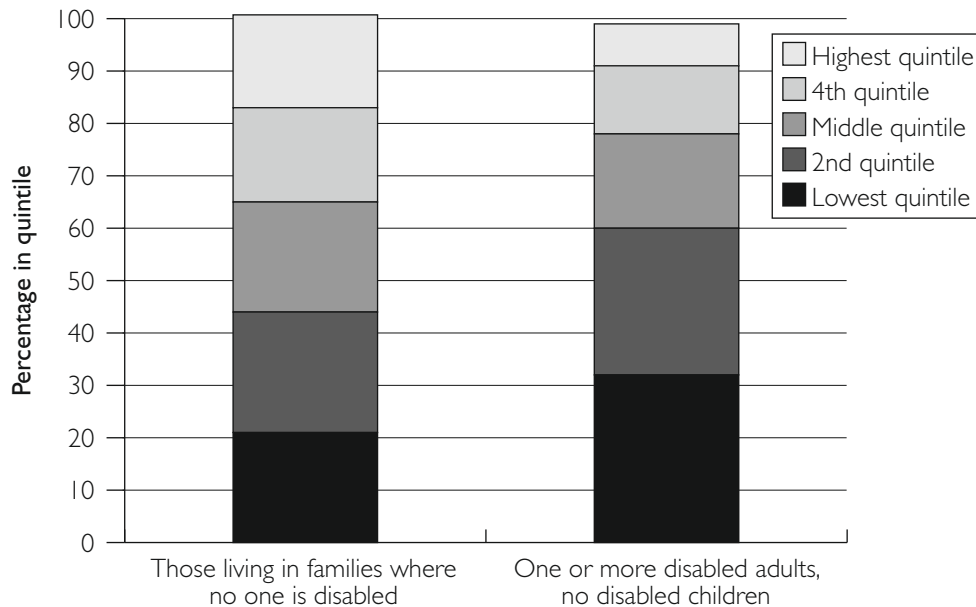
135 Ibid.

136 *Hidden Harm – Advisory Council on the Misuse of Drugs 2003*, p30, www.homeoffice.gov.uk/publications/drugs/acmdl/hidden-harm

137 Manning V, Best D, Faulkner N & Titherington E (2009). 'New estimates of the number of children living with substance misusing parents: results from UK national household surveys'. *BMC Public Health* 9.

138 Ibid.

Chart 10: Proportion of children in income quintiles by household disability status, 2010/11, UK¹³⁹



Source: Department for Work and Pensions (2012) Households Below Average Income: An Analysis of the Income Distribution

Why parental health matters for children's experience of poverty

2. Parental health matters because of the direct impact it has on children's experiences, for example:
 - many children and young people who spend time caring for a chronically sick or disabled parent experience long-term problems in their own lives related to missed school and fewer job opportunities.¹⁴⁰
3. It also matters because it increases the risk of children experiencing some of the other dimensions of poverty set out in this consultation. For example:
 - children with parents in ill health are more at risk of relative income poverty;¹⁴¹
 - parental disability increases the risk of parental worklessness.¹⁴² Forty six per cent of disabled people are in employment compared with 76 per cent of non-disabled people,¹⁴³ and working-age disabled people are nearly three times more likely than non-disabled people to be economically inactive (45 per cent compared to 16 per cent);¹⁴⁴ and,
 - people with experience of mental distress are three times more likely to be in debt.¹⁴⁵

¹³⁹ Due to rounding, not all columns will sum to 100%.

¹⁴⁰ Dearden, C. and Becker, S. (2000) Young Carers Transitions into Adulthood. Joseph Rowntree Foundation.

¹⁴¹ Griggs, J. and Walker, R. (2008) The Costs of Child Poverty for Individuals and Society: A literature review. Joseph Rowntree Foundation.

¹⁴² Department for Work and Pensions (2012) Households Below Average Income: an analysis of the income distribution 1994/5-2010/11.

¹⁴³ Office for Disability Issues (2010) Employment: Key facts from the life opportunities survey interim results.

¹⁴⁴ Ibid.

¹⁴⁵ Mind (2008) In the Red: debt and mental health.

“There are too many children picking up the pieces by caring for their parents, and this is a scandal. Children need extra support when they are living with a sick parent, and should not have to carry extra burdens on top of the stress of worrying about their parent’s condition and not being able to do normal family things.”¹⁴⁶

Why parental health matters for children’s life chances

4. There is very limited evidence exploring the intergenerational link between parental poor health and children’s future health outcomes.
5. However, we know that poor parental health affects children’s educational outcomes and is strongly associated with a higher likelihood of worklessness which in turn affects children’s life chances.

“I think that when you are a parent, you’ve got a responsibility to be a parent, not to go out drinking and things like that. If you are a parent, you’re a parent full stop.”¹⁴⁷

Consultation questions

- Q22: How should we recognise young carers in a multidimensional measure of child poverty?
- Q23: How should we recognise parental drug and alcohol dependence and mental health conditions in a multidimensional measure of child poverty?
- Q24: How can parental disability and general poor parental health be reflected in a multidimensional measure of child poverty?

¹⁴⁶ Department for Education (2011) Improving Support for Young Carers – family focussed approaches.

¹⁴⁷ Learning Disability Wales (2010) Being a Family: Parents with Learning Disabilities in Wales.

Creating a multidimensional measure

3

1. International comparisons demonstrate that it is possible to create a multidimensional measure. To help us design the most robust measure we would welcome your views on the technical questions set out in this section.
2. We will work with a range of experts to look at all these questions and to ensure that we draw on academic best practice both nationally and internationally.

Characteristics of a good measure

3. On page 16 we set out what the Government believes a multidimensional measure should do. It should:
 - give us a total number of children in the UK currently growing up experiencing multiple dimensions of poverty which we can track through time;
 - show us the severity of a child's poverty so that we can tell which groups need the most help;
 - show us how poverty affects different groups of children, for example ethnic minorities or disabled children;
 - be widely accepted by the public and experts as being a fair representation of those children that are growing up in poverty and those who are not; and
 - be methodologically robust and draw on the best data that is available.

Gateways

4. In creating a multidimensional measure we can combine different dimensions in a number of different ways. If one dimension is particularly important it can be set as a 'gateway'. This means someone is not counted as in poverty unless they have this characteristic. We are interested in your views about whether any dimension should be a gateway.

Weighting

5. The new measure will combine a range of indicators into a single number. There are a variety of ways in which this could be done. In particular, it is possible to give certain indicators greater weight to reflect the fact that they play a more important role in child poverty.

Local level data

6. A multidimensional measure requires a survey which can identify for individual children how many different dimensions of poverty they experience. National surveys exist that can provide this information and make a national level multidimensional measure possible.
7. Local child poverty measures can complement the national measure and provide useful information about differences between areas. Currently there are no local surveys which would enable us to create a local **multidimensional** measure to complement the national one. We may have to look at different ways to get a picture of child poverty locally. The Government currently produces a local child poverty basket of indicators for local authorities in England¹⁴⁸ that brings together information on a wide range of child poverty indicators, for example school attainment gaps between children who claim Free School Meals and those who do not; the percentage of children in workless households; and teenage pregnancy rates.

Robustness

8. We will need to ensure a methodologically robust, simple and, most importantly, useful measure is produced. We would welcome your views on how you would use a multidimensional measure of child poverty.

Consultation questions

- Q25: Are there other criteria that we should evaluate a new measure against?
- Q26: In creating a new measure, should any dimension be a gateway?
- Q27: Should the indicators be weighted and, if so, what factors should influence the choice of weighting?
- Q28: Which indicators should be weighted more or less?
- Q29: How could we measure child poverty at the local level?
- Q30: How should we check the robustness and simplicity?
- Q31: What would you use a multidimensional measure of child poverty for?

¹⁴⁸ Child Poverty Unit (2012) Child Poverty Basket of Indicators: <http://media.education.gov.uk/assets/files/xls//local%20child%20poverty%20basket%20of%20indicators.xls>.

When responding to this consultation, or if you have any questions regarding its content, please use either of the following addresses:

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