

Response to the Scottish Government's Child Poverty Strategy Consultation

Submission by the Joseph Rowntree Foundation

January 2011

The Joseph Rowntree Foundation (JRF) is pleased to submit the following response to the Scottish Government's consultation on *Tackling Child Poverty in Scotland*. We would be happy to supply any further information as required.

The Joseph Rowntree Foundation is one of the largest social policy research and development charities in the UK. For over a century we have been engaged with searching out the causes of social problems, investigating solutions and seeking to influence those who can make changes. JRF's purpose is to understand the root causes of social problems, to identify ways of overcoming them, and to show how social needs can be met in practice.

Contact:

Nancy Kelley
Deputy Director, Policy and Research
Joseph Rowntree Foundation
The Homestead
40 Water End
York YO30 6WP

Telephone: 01904 615942

Email: nancy.kelley@jrf.org.uk

Background

This submission draws on our research evidence relating to child poverty including statistics about poverty and social exclusion in Scotland from JRF's annual *Monitoring Poverty and Social Exclusion* reports.

Overall, we welcome the consultation's focus on addressing family resources in the short term and improving life chances over the long term. We also welcome the close links between the child poverty strategy and the three social policy frameworks, and the emphasis on childcare, health, skills and the quality of relationships within families. However, we feel that more emphasis should be placed on the role of education in combating child poverty, and on the quality and flexibility of the work available to parents.

Achieving the child poverty goals in Scotland

This year's *Monitoring Poverty and Social Exclusion in Scotland* report shows that while the child poverty rate in Scotland remains lower than in England, during the recession, the proportion of children in low income households went up by 2 per cent (unlike England where the rate went down by 1 per cent). Although it is too early to say whether this represents a reversal of the trend over recent years, the report notes that the continuing rise in unemployment in Scotland after the recession ended is concerning. This rise takes the child poverty rate in Scotland to 26 per cent or 260,000 children, and will make meeting the targets in the Child Poverty Act more challenging¹.

In a time where public spending is severely constrained, it remains vitally important to invest in eradicating child poverty. Our work on the costs of allowing child poverty to continue showed that £25 billion is lost to the UK exchequer and economy every year as a consequence of child poverty. £12 billion of this is the cost of additional public services addressing the long-term impact of growing up in poverty on health, education, relationships and other areas while £13 billion arises from higher benefit payments, lower taxes and lower GDP due to the effect of child poverty on future labour market participation and work quality².

Analysis for the Scottish Government indicates that the cost of allowing child poverty to persist in Scotland is in the range of £0.5 – 0.75 billion a year in extra services and £1 billion a year from the knock-on costs of under-achievement in young people not in education, employment or training³.

The Joseph Rowntree Foundation's work on ending child poverty has shown that government targets can only be met with a combined strategy of raising the level of income transfers to families on low incomes, supporting parents into secure and sustainable work, improving incomes in work and raising the educational qualifications of those who grow up in poor households so that poverty is not passed down through the generations⁴. Service areas such as childcare, education, local economic development, health and support for carers are all crucial.

Early intervention and prevention

We welcome the proposed emphasis on early intervention and prevention throughout the life course. Having said this, we note that the discussion document primarily focuses on early years interventions, and while these clearly have a key role to play, we feel it is essential that equal attention is given to prioritising interventions at other key points in a child's life and to addressing the challenges faced by parents (and adults who may become parents).

Our programme of work on education and poverty highlights the potential for interventions throughout childhood in order to close the attainment gap between richer and poorer children. Closing this attainment gap is an essential part of supporting children to escape poverty, and to preventing the inter-generational transmission of poverty.

Research by Goodman and Gregg (2010) using the Millennium Cohort Study shows that a number of factors including the home learning environment, regular routines, family interaction, breast-feeding and post-natal depression have a significant impact on the cognitive gap at age three⁵. Taken together, these differences explain about one quarter of the gap between the richest and poorest children, more than half of which (16 per cent) is accounted for by the home learning environment. When looking at the growth in the cognitive attainment gap between three and five, the home learning environment at age three continues to be important but other elements of the early caring environment do not.

This would support the discussion paper's focus on parenting and the home learning environment in the early years. However, the same research found that the gap in attainment between rich and poor children continues to widen rapidly throughout primary school: by age eleven, only three quarters of children from the poorest fifth of families reached the expected level at Key Stage 2, compared with 97 per cent of the

richest fifth. Indeed, the gap in attainment between rich and poor children continues to widen until age 14.

The EPPE 3-11 longitudinal study, while also emphasising the critical importance of the home learning environment in the early years, identified the potential compensating role of access to high quality pre-school and primary education. The study found that attending a high-quality pre-school or a high-quality primary school had a significant effect on attainment at age 11, and that this effect was particularly strong for children from deprived backgrounds. The study also shows a cumulative effect: children who experienced high-quality pre- and primary schools had significantly better outcomes at 11, with the size of the positive effect being comparable to the difference between having a mother with no qualifications, and having a mother with a degree.

All of this suggests that the involvement of the education sector in delivering the child poverty strategy is essential. Further, early interventions aimed at improving attainment for children living in poverty should not only be focused on approaches to teaching and learning. Other studies from our education and poverty programme identify the important role that out-of-school activities have on both improving self-esteem and improving attainment⁶.

Findings from our programme of work on young people and alcohol also highlight the potential to intervene throughout childhood. Vellaman's 2009 review of literature on factors preventing excessive alcohol consumption among young people suggests that parental and family influences are strongest in the early years, which supports the importance of intervening to ensure that parents are modelling responsible drinking from a young age. However, Ipsos Mori's survey of Year 9 (13–14 years) and Year 11 (15–16 years) schoolchildren shows that parenting and the home environment can be a protective factor in moderating young people's drinking, a finding supported by Percy's study of drinking among young people in Northern Ireland. Recent research by Stirling University found that parental behaviour and parental guidance can play an important role in shaping the attitudes of young people in the pre-teen (7–12) age group⁷.

Assets-based approach

We support the principle that efforts to lift children out of poverty should build on the capacity of children, families and communities rather than simply adopting a deficit model. Gregg's study on the role of attitudes, aspirations and behaviours in shaping educational outcomes makes it

clear that for both parents and children, attitudes and aspiration make a difference to educational outcomes. However, our view is that the most important barriers to lifting children out of poverty are structural ones: access to high-quality affordable childcare, to flexible, secure and well-remunerated work, and to training and education for parents. In addition, when taking an 'asset-based approach' it will be important to distinguish between this conception of assets (the innate capacity of children, families and communities) and financial assets, as 'asset-based welfare' plays a significant role in wider debates about poverty and social exclusion.

Priority areas for action

While we recognise the important role of work in lifting families out of poverty, we would emphasise the complexity of the relationship between parental work and child poverty.

First, the link between work and outcomes for children is not straightforward. Research for DWP on the role of work in low-income families identified a number of positive benefits for parents, including greater self-confidence and self-esteem, and improvements in their relationships at home and work. However, research using the British Household Panel Study⁸ found that mothers working full-time when their children were under five reduced the child's chances of obtaining A-levels and increased the risk of unemployment and economic inactivity and psychological distress as a young adult. In addition, research published in 2009⁹ highlighted tensions between work and parenting for many families on low incomes. These included the inability of low-paid work to support childcare costs and the lack of flexibility to fulfil parental responsibilities. Earlier research¹⁰ highlighted particular problems for parents who work at atypical times and for long hours. This affected not only time with children but also the quality of relationships between adults.

Second, simply increasing the number of families with parents in work, or increasing the number of hours worked, will not be enough to address child poverty. Although it remains the case that children in working households in Scotland are only three-quarters as likely to live in poverty as their counterparts in England, the number of children affected by in-work poverty remains high, and our recent *Monitoring Poverty and Social Exclusion in Scotland* report shows that the proportion of children in poverty who have working parents increased by 2 per cent during 2008/2009.

There is a need to look beyond the traditional focus of worklessness policies, to consider more fully a range of issues including: the mix of full- and part-time work in families, the hours parents and carers can be expected to work (taking into account impacts on child development and well-being), the quality and sustainability of the work available and the availability of appropriate child care, including during school holidays.

Our work on the 'low pay no pay' cycle emphasises the importance of secure and sustainable work in reducing child poverty¹¹. In Scotland, research has shown that almost half of men and a third of women making a claim for Jobseeker's Allowance had last claimed the benefit less than six months previously¹², and across the UK since 2006, the number of people revolving between work and unemployment has risen by 60 per cent, largely as a consequence of the recession.

The results of the Employment Retention and Advancement (ERA) demonstration, which identified some positive effects but a mixed contribution to helping parents into 'better' jobs, are important here¹³. The Workforce Plus initiative in Scotland is likely to move in this direction, although it is not yet clear how. In particular, the initiative has the potential to support people at life-stage transitions, such as becoming a lone parent, where there is a need both for flexible employers and for specialist advice and support to enable parents to cope with risks outside the workplace.

Research with employers suggests that there is no direct link between a greater use of temporary or variable contracts and business success¹⁴. The Scottish Government could play an important role in encouraging private sector employers to rethink the assumptions that underpin the decisions they make about their workforce structure, through the work of the Strategic Employers Forum.

Low pay is, of course, another key aspect of the relationship between paid work and poverty. While low pay is slightly less prevalent in Scotland than in much of the rest of the UK,¹⁵ it is still a major factor in the rise of in-work poverty. Three aspects of low pay in Scotland are particularly worth noting:

- The geography of low pay is different from that of worklessness: low pay is most common in rural areas in the south and north of Scotland rather than in the central belt.
- Very few low-paid workers in Scotland are members of a trade union.

- A high proportion of low-paid workers in Scotland work in the public sector (about a fifth, although low pay remains more prevalent in the private sector).

The last point has prompted discussion of the potential for the Scottish Government as an employer to address low pay. The 2008 Public Sector Pay Guidance¹⁶ includes a reminder that proposals for public sector pay awards should take into account the solidarity target. In 2009, Glasgow City Council used JRF research on a Minimum Income Standard to introduce a 'Glasgow living wage'.

However, there is a need for research and modelling to identify how child poverty would be affected by an increase in the pay of lower level public sector employees as the link between low pay – impacting at the level of the individual, and poverty – measured at the household level, is not straightforward. For example, research shows that raising the national minimum wage is a relatively inefficient method of tackling child poverty¹⁷. Once the likely impact on child poverty of addressing public sector low pay is understood, it will then be necessary to decide whether this approach should be pursued as part of the child poverty strategy and how this can best be achieved.

Our research suggests that the current nature of the labour market acts as a major barrier to reducing child poverty. There is a particular problem with the UK's high proportion of low-skilled, low-paid and insecure jobs¹⁸. Reforms to policy have increased low-end qualifications to the point of over-supply but demand lags behind. Stimulating demand for skills by employers and making many more jobs at different levels available on a flexible or part-time basis is where the focus should now be. Our programme of work on future labour markets seeks to address some of these issues.

Finally, we welcome the emphasis in the discussion document on access to childcare. Not only is access to good quality childcare critical to supporting parents into sustainable work, it can contribute to a reduction in child poverty over the longer term as part of the range of interventions with the potential to close the attainment gap between richer and poorer children. The Daycare Trust has highlighted significant problems in the UK's current childcare provision particularly in relation to quality¹⁹, accessibility and affordability²⁰.

Income maximisation

The level of benefits and tax credits paid to individuals and families, and the eligibility criteria for these, are currently the responsibility of the UK government. However, they do, of course, form a crucial backdrop to the capacity of the Scottish Government to reduce child poverty, and consequently an important focus for action will be to influence the development and implementation of the Universal Credit as part of the wide-ranging welfare reform programme. A further issue arising in relation to tax is the growing number of low-income households paying full Council Tax. Consideration should be given to the contribution of this to poverty among such households. As Council Tax is almost wholly devolved, the Scottish Government could take action in this area.

In addition to ensuring access to information and advice to support families to claim the benefits and tax credits they are entitled to, the Scottish Government could address income maximisation by providing wider access to money advice, and working with financial providers to address financial inclusion and equity. There is clear evidence of a significant 'poverty premium' due to methods of bill payment, banking, paying for fuel and telecoms and borrowing²¹. Recent work on credit and debt in low-income families emphasised the role that inflexible practices by mainstream banks play in trapping low-income families in debt, as well as driving them to high interest lenders²². The report suggests that access to ongoing money advice to support families to reduce their debt is important, but also that there is a role for government in encouraging mainstream lenders to provide better quality and more flexible services to people on low incomes.

Measures to monitor progress

Poverty is best defined as not having the resources to meet your needs, physically, socially and psychologically. There are many ways by which this can be measured. Taking a fraction of average income is an important part of any such measurement, but decisions on where to set the line are often arbitrary. We feel that it is important to use a plurality of methods.

JRF has funded research by Davis *et al.* (2010) on a minimum income standard for the UK²³. It asked the public what items and activities they think are required for a minimum acceptable standard of living, and then costed these. This method has the benefit of being democratic as well as transparent and independent. An approach which considers resources (material, educational, social and health-related), participation (in relationships, activities and services that most people take for

granted) and outcomes (over the life course) can help to illuminate the different elements of disadvantage that affect people's lives.

A single measure will not be able to capture all of the important aspects of poverty. The depth or severity of poverty experienced is a critical part of the picture. One way of measuring this is to use indicators tracking the numbers below 40 per cent and 50 per cent of median income (and expenditure) as well as 60 per cent. There are warranted criticisms of the quality of data towards the lower end of the income distribution in the FRS. However, it is still a valid measure if a method can be found for isolating those who are genuinely 'severely' poor, for example by exploring use of a combined income and expenditure/deprivation measure, or by analysing the self-employed separately. The fact that some of the information may be unreliable should not mean that we ignore severe poverty as an indicator.

Conclusion

We welcome the approach taken in *Tackling Child Poverty in Scotland*, and look forward to working with the Scottish Government as the child poverty strategy is developed. If you would like any further information on the studies referred to in this response, or would like to discuss our response in more detail, please do not hesitate to contact me.

Nancy Kelley
Deputy Director, Policy and Research
Joseph Rowntree Foundation

Endnotes

- ¹ *Monitoring Poverty and Social Exclusion in Scotland*, JRF, 2010. Measure used is AHC. <http://www.jrf.org.uk/publications/mopse-scotland-2010>.
- ² *Estimating the Costs of Child Poverty*, JRF, 2008. <http://www.jrf.org.uk/publications/estimating-costs-child-poverty>.
- ³ *Estimating the Cost of Child Poverty in Scotland: Approaches and evidence*, Scottish Government Social Research, 2008.
- ⁴ *What will it take to end child poverty? Firing on all cylinders*, JRF, 2006. <http://www.jrf.org.uk/bookshop/eBooks/9781859355008.pdf> . Further papers are available at: <http://www.jrf.org.uk/child%2Dpoverty/publications.asp>. The projections made in the 2006 report were updated following the 2007 Budget; this is explained at: <http://www.jrf.org.uk/child%2Dpoverty/documents/child-poverty-update-june-2007.pdf>.
- ⁵ *Poorer Children's Educational Attainment: How important are attitudes and behaviour?* JRF, 2010. <http://www.jrf.org.uk/publications/educational-attainment-poor-children>. Although some of the underlying surveys used in this study are from England only, others are UK-wide and there is no reason to believe that the links between attainment and attitudes and behaviour would be significantly different in Scottish families.
- ⁶ *Experiences of Poverty and Educational Disadvantage*, JRF, 2007. <http://www.jrf.org.uk/publications/experiences-poverty-and-educational-disadvantage>.
- ⁷ *Pre Teens Learning about Alcohol: Drinking in family contexts*, JRF, 2010. <http://www.jrf.org.uk/publications/pre-teens-alcohol-learning>.
- ⁸ *The Effect of Parents' Employment on Outcomes for Children*, JRF, 2001. <http://www.jrf.org.uk/publications/effect-parents-employment-outcomes-children>.
- ⁹ *Work and Worklessness in Deprived Neighbourhoods*, JRF, 2009. <http://www.jrf.org.uk/publications/work-worklessness-deprived-neighbourhoods>.
- ¹⁰ *Families and Work in the Twenty-first Century*, JRF, 2003. <http://www.jrf.org.uk/publications/families-and-work-twenty-first-century>.
- ¹¹ *How Can Parents Escape from Recurrent Poverty?* JRF, 2010 <http://www.jrf.org.uk/publications/how-parents-escape-recurrent-poverty>.
- ¹² *Monitoring Poverty and Social Exclusion in Scotland 2007*, JRF, 2007. <http://www.poverty.org.uk/findings/scotland%20findings%202007.shtml>.
- ¹³ *Implementation and Second-year Impacts for Lone Parents in the UK Employment Retention and Advancement (ERA) Demonstration*, DWP, 2008. <http://www.dwp.gov.uk/asd/asd5/rports2007-2008/rrep489.pdf>.
- ¹⁴ *Employers Role in the Low Pay – No Pay Cycle*, JRF, 2010. <http://www.jrf.org.uk/publications/employers-role-low-pay-no-pay>.
- ¹⁵ *Monitoring Poverty and Social Exclusion in Scotland 2007*, JRF, 2007. <http://www.poverty.org.uk/findings/scotland%20findings%202007.shtml>.

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- ¹⁶ *Public Sector Pay Policy, 2008-9*, paragraph 28.
<http://www.scotland.gov.uk/Publications/2008/05/22162216/0>
- ¹⁷ *Delivering on Child Poverty: What would it take*, DWP, 2006.
- ¹⁸ *Cycles of Poverty, Unemployment and Low Pay*, JRF, 2010.
<http://www.jrf.org.uk/publications/cycles-unemployment-low-pay>.
- ¹⁹ *Quality Costs: Paying for early childhood education and care*, Daycare Trust, 2009.
- ²⁰ *Childcare and Child Poverty*, JRF, 2008.
<http://www.jrf.org.uk/publications/childcare-and-child-poverty>.
- ²¹ *The Poverty Premium: How poor households pay more for essential goods and services*, 2007, Save the Children ; *Paying more, getting less*, 2004, National Consumer Council.
- ²² *Credit and Debt in Low Income Families*, JRF, 2010.
<http://www.jrf.org.uk/publications/credit-debt-low-incomes-families>.
- ²³ *A Minimum Income Standard for the UK in 2010*. JRF, 2010.
http://www.jrf.org.uk/sites/files/jrf/MIS-2010-report_0.pdf.