This report asks what a focus on severe child poverty adds to our understanding of child poverty and what it may suggest in terms of future strategic approaches and policy solutions.

With the government committed to their goal of ending child poverty by 2020 there are concerns that policy has not reached those families in the most severe poverty. A focus on severe poverty, in terms of persistence and depth of poverty, will add a critical dimension to our understanding.

The report:

- discusses different measures of severe poverty and related concepts;
- argues that any strategy tackling severe poverty will need to focus heavily on financial support for those outside the labour market, and policies to assist people sustainably back into the labour market;
- demonstrates that looking at severe poverty should focus policy-makers on a wider set of issues including: the use of minimum standards; 100% targets; promoting take-up of financial support and services; evaluating the role of service providers; and addressing the divide between policy-makers and the experience of the most disadvantaged.
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Executive summary

This report asks what a focus on severe child poverty adds to existing analyses of child poverty and what it may suggest in terms of future strategic approaches and policy solutions. Severe poverty is about the intensity of someone’s experience of poverty, in terms of both duration and level, often referred to as ‘persistence’ and ‘depth’. This report argues that while severe poverty is not typically the focus of policy and analytical language, policy and public discourses on poverty do actually have a strong focus on severity, such as the concentration on worklessness, endemically poor housing estates and the intergenerational transmission of poverty. This report looks at characterisations and measures of severe poverty, and the characteristics and outcomes for children and families in this group. It argues that the implicit focus on the severely poor means that critical solutions already lie within the policy debate, around tackling worklessness and supporting incomes of people outside of work. However, despite this implicit focus on severity there is benefit to be derived from an explicit conceptualisation of severe poverty. This report explores what the lens of severity could add to existing analyses and the policy debate.

In terms of our understanding of severe poverty, it is argued that:

- There are a range of definitions and characterisations of severe poverty, including the use of the 40% median income figure (typically described as severe), living in households in poverty three out of four years (typically referred to as persistence) and combinations of low income and deprivation. Other concepts such as ‘underclass’, ‘multiple disadvantage’ and ‘hard to reach’ are also closely linked to the notion of severity.

- Depending on the indicator used, policy could focus on a range of populations extending from 2% of families to 17% of children.

- Severe poverty is associated with more negative impacts on well-being and life chances for children, than poverty more generally.

- Severe poverty, whether understood in terms of persistence, depth or multiple disadvantage, is strongly connected to families with weak connections to the labour market.

- There is mixed evidence on trends in severe poverty, depending on the measure being used; however, there is a widely held belief that policy is not meeting the needs of the most disadvantaged, and trends on many related measures have stagnated in recent years.

Discussions of severity, persistence and depth to date have largely focused on definitions, measures and the characteristics of this group. This report, while reviewing some of that analysis, aims to ask what additionally the lens of severity adds to previous analyses and the current policy debate, beyond simply providing additional measures. While there is a broad understanding of the severely poor, there is a shortage of fine grain data to elucidate some of the critical issues driving severity, and the nature of the service provision that this group receives. However, weak connections to the labour market and the level of the financial safety net are key.

The report recommends a set of policy areas that are vital to tackling severe child poverty over the next decade. It argues that alongside the fundamental areas of financial support for those out of work and help to get people into work (covered elsewhere in this series of reports), the lens of severity suggests a focus on the following areas:

- Minimum standards: these set the level at which all are expected to reach, or the benchmark below which none should fall. As such they are valuable in serving those in severe poverty, marking the depth of poverty that policy-makers are willing to tolerate. One critical minimum
standard is the financial safety for families with children (Income Support/Jobseeker’s Allowance, Child Tax Credit and Child Benefit). Government could address deep poverty by setting a standard below which their safety net should not fall.

- 100% targets: typical government targets (Westminster, devolved and local) set a goal for a certain proportion of the population to meet a particular target. As such they immediately exclude a proportion of individuals from the definition of success, and invite cream skimming. One hundred per cent targets – or an ‘all bar none’ approach as described in the groundbreaking West Dunbartonshire literacy strategy – would ensure that success is defined in terms of the success of all individuals, focusing service providers on that goal.

- There is a large amount of both financial support and service provision that remains not fully taken up by the most disadvantaged. Tackling the wide variety of constraints that may exist to take-up, including the complexity of the system, alongside the lack of information and understanding (typified by the scarcity of high-quality advice) are major areas of challenge for policy-makers.

- There is a lack of analysis of the overall quality of services for those in severe poverty, limiting our understanding of whether public services are delivering on goals of providing equitable standards at minimum, and reaching the goal of narrowing the gap at best.

- Qualitative evidence across a range of services suggests an ongoing disconnect between the objectives of policy-makers and the way policy is experienced by the most disadvantaged. Steps to make policy more personalised and informed by the experience of service users has the potential to address this.

The goal of eradicating child poverty remains a hugely ambitious one. With the target currently understood as being among the best in Europe, policy-makers are left with alternative strategies.
Between 2.8 and 3.8 million children live in poverty in the UK, according to the government’s measures. The notion of ‘severe poverty’ suggests a differentiation among this group not only based on qualitative differences in the characteristics of individuals (such as by ethnicity, household disability and employment activity, among many) but that those differences include the intensity of the experience of poverty. That difference in intensity can be experienced both in persistence, the amount of time that an individual or household is in poverty, and depth, the degree of poverty experienced at any particular time.¹

Within the current debate there is in some sense a dissonance around these concepts. While there is some consideration of severe, persistent and deep poverty in the literature and policy debates, it is fairly limited; policy has largely focused on poverty from a static and whole group perspective. On the other hand, the way in which poverty tends to be discussed, both in the public discourse and in policy analysis, actually implicitly focuses on deep and persistent poverty. People in poverty are characterised as being in an ongoing situation of reliance on benefits, with weak connections to the labour market. Policy solutions are largely seen as being found in welfare-to-work schemes. However, around half of children in poverty at any one time (in terms of the 60% median poverty line) are not persistently poor: their experience is of periods of poverty alongside times on higher incomes (although not necessarily much higher). Moreover, half of children in poverty are in a household where someone is in work, also not conforming to the prototypical picture of endemic worklessness. While the issue of ‘employment retention’ has recently become increasingly acknowledged within the welfare-to-work agenda, there has been relatively little policy focus on transient/temporary poverty and managing the risks of people falling back into poverty (Harker, 2006; DWP, 2007; Freud, 2007).²

Given this implicit focus on severe poverty in policies relating to welfare-to-work, the other reports in this project examine the core elements of any strategy to end severe poverty. In particular, helping people into work and supporting the incomes of people while outside of work are critical. The role of this report is therefore to consider what the lens of severity adds to more general analyses of poverty. It begins by discussing the situation of children in severe poverty reflecting on different measures and characterisations, and their situation in comparison to children living in poverty more generally. It then considers some policy issues that come to the fore if this approach is used.
There are a number of different measures, indicators and characterisations of severe poverty. When the specific terms of ‘severe’, ‘persistent’ and ‘deep’ are used, they typically refer to people living in households with incomes substantially below the 60% median income threshold, lacking more necessities than may define standard poverty and being in poverty for consecutive or a large majority of years within a given time frame.

The government’s indicator of persistent child poverty refers to children living in households with incomes below 60% or 70% median in three out of four years. The Centre for Research in Social Policy (CRSP) at Loughborough University has conducted three studies on severe and persistent poverty, in collaboration with the charity Save the Children (Adelman, et al., 2003; Magadi and Middleton, 2005, 2007). These studies have used definitions of severe poverty that combine a level of income poverty with indicators of deprivation for both adults and children. In the most recent study, based on analysis of the Family Resources Survey (FRS), the measure was a household income below 50% median where both adults and children lack at least one necessity and either adult or children lack at least two. Drawing on the first of such studies – Britain’s Poorest Children – the Conservative Party have begun to use 40% of median income as a measure of severe poverty, to hold the present government to account on its poverty reduction strategy (Hunt and Clark, 2007).

While some query the robustness of data at 40% of median income (Brewer, et al., 2008) (highlighting in particular the volatility and unreliability of self-employment incomes), the use of this terminology has undoubtedly shone the light further on whether government policy is effectively addressing the needs of the poorest households (BBC, 2006).

The Save the Children/CRSP work on severe poverty has itself drawn on other work, notably the Irish combined measure (Layte, et al., 2000) and Bradshaw and Finch’s Core Poverty analyses (2001) that suggest that the best indicators of poverty combine different measures (Layte, et al., 2000; Bradshaw and Finch, 2001). They show that individual indicators of poverty, such as income and deprivation for example, have surprisingly little overlap. One explanation is that household incomes change substantially over time and current living standards may be more a combination of past savings, costs of servicing debt and incomes (more likely over a period of time) rather than current income alone (Layte, et al., 2001). A more robust indicator of poverty, they conclude, is derived from looking at people who are ‘poor’ on more than simply one indicator. As Bradshaw and Finch write, ‘the more dimensions that people are poor on, the more unlike the non poor and the poor on only one dimension they are – in their characteristics, in their social attitudes and in their social exclusion’. Measures using multiple indicators are more likely to capture persistence. Whether or not such approaches use the language of severe and persistent poverty, they are asking the same basic question and trying to get at the same issue: ‘who is most profoundly affected by poverty?’.

This question is asked in an alternative way by those who talk about an ‘underclass’ or ‘multiple disadvantage’. Underclass discourses use descriptions and definitions that resonate strongly with much public opinion about poverty in the UK today (see, for example, Baggini, 2007). The persistently poor in this view are the permanently workless, welfare-dependent, largely single-parent families, with large numbers of children, on housing estates endemic with this culture. Poverty is seen as highly individualised. People’s barriers to breaking out of poverty may be seen as moral, cultural and/or motivational. This was the focus of The Centre for Social Justice’s Breakdown
Britain report (2006) that focused on the issues of family breakdown, educational failure, economic dependence, indebtedness and addictions as the root causes of poverty. If these were not addressed the report argued that ‘an ever-growing underclass will be created’.

In contrast, the Social Exclusion Taskforce at the Cabinet Office focused their analyses on defining the 2% most disadvantaged families. They use the concept of ‘multiple disadvantage’ to identify these families, defined in terms of a range of outcomes including: having no parent in the family in work; living in poor-quality or overcrowded housing; having no parents with any qualifications; a mother with mental health problems; at least one parent with a longstanding limiting illness, disability or infirmity; a household on low income (below 60% of the median); or not being able to buy a number of food and clothing items. Families disadvantaged on at least five of the indicators are described as being ‘families at risk’ (Cabinet Office, 2007).

A connected concept linked to this is the ‘hardest to reach’ often used by policy-makers both at national and local levels. This connotes in many ways with how policy-makers sometimes see the most disadvantaged; below the radar and difficult to engage with services.

So there is no agreed measure of severity that mirrors the consensus around 60% median income for poverty more generally. Rather there are a range of indicators and concepts that try and capture the trends in relation to, and characteristics and experiences of a more disadvantaged sub-set of the population living in poverty.

Reported levels of severe poverty depend on the indicator used. Table 1 gives the proportions of children in severe poverty according to the definitions discussed above. The diverse definitions mean that the range that this discussion focuses on is from 2% of families to 17% of children.

Table 1: Levels of severe poverty

<table>
<thead>
<tr>
<th>Definition</th>
<th>Proportion of children</th>
<th>Sources</th>
</tr>
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<tbody>
<tr>
<td>Government persistent poverty</td>
<td>Below 60% median in three out of four years</td>
<td>11% before housing costs (BHC) 17% after housing costs (AHC) Opportunity for All (DWP, 2008)</td>
</tr>
<tr>
<td>CRSP/Save the Children</td>
<td>Below 50% median income and lacking at least three necessities (including both child and adult)</td>
<td>10% Magadi and Middleton (2007)</td>
</tr>
<tr>
<td>Conservative Party/Scottish Government</td>
<td>Below 40% median income</td>
<td>UK 6% BHC 10% AHC Brewer et al (2008)</td>
</tr>
<tr>
<td>Social Exclusion Taskforce</td>
<td>Disadvantaged on five indicators</td>
<td>2% of families Cabinet Office (2007)</td>
</tr>
</tbody>
</table>
2 The situation of children in severe poverty

Does severity matter to well-being and life chances?

Much concern about poverty is not with low incomes per se, but its impact on well-being and life chances. It would make sense that if poverty at any particular point in time is associated with poorer outcomes for children, and then longer spells of poverty or being in particularly deep poverty should have a greater effect; the factors mediating the links between low incomes and poor outcomes, will, after all, be harsher. Indeed there is clear evidence to support such a hypothesis. A recent analysis of characteristics of persistently poor children in the Family and Children’s Study (FCS), for the Department for Work and Pensions (DWP), showed these negative impacts across a wide range of domains. Comparing children in persistent and temporary poverty, the analysis shows the former more likely to live in bad housing, experience longstanding illness or disability, be in trouble with the police and lack multiple deprivation items. In addition, persistently poor children are more likely to suffer three or more negative outcomes compared to those in temporary poverty. A range of studies, particularly in the US, has shown how both the duration and depth of poverty spells are significant in predicting later life outcomes (Duncan, et al., 1994; Blau, 1999; Smith, et al., 1997; Duncan and Brooks-Gunn, 2000).

Are the characteristics of the severely poor different to those of the wider population of those living in poverty?

What are the characteristics of children in severe and persistent poverty? To what extent do they differ from the children in non-severe and non-persistent poverty? Is there evidence that ‘severe’ and ‘persistent’ describe something essentially different in character to broader poverty, representing a distinct sub-population, or is there a clear continuum between severe and persistent poverty and less deep, more transitory poverty, with movement between these groups?

Magadi and Middleton’s analysis (2007) points to the same risk factors for more general poverty, being heightened for those in severe poverty. While 42% of children in non-severe poverty are in workless households, 62% of children in severe poverty have no parent in paid employment. A similar pattern exists for those whose mother has no qualification, who live in rented accommodation, lack any savings, are in lone-parent households, of non-White ethnicity, and in a household where a parent has a disability. The one surprising finding

Table 2: Risk of poverty and severe poverty by household characteristics

<table>
<thead>
<tr>
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<th>Not in poverty (%)</th>
<th>Non-severe poverty (%)</th>
<th>Severe poverty (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workless parent/s</td>
<td>5.3</td>
<td>42.1</td>
<td>62.3</td>
</tr>
<tr>
<td>No means-tested benefit/tax credit receipt</td>
<td>36.4</td>
<td>12.1</td>
<td>15.2</td>
</tr>
<tr>
<td>Mothers with no qualification</td>
<td>10.8</td>
<td>31.4</td>
<td>44</td>
</tr>
<tr>
<td>Rent</td>
<td>15.7</td>
<td>60</td>
<td>72</td>
</tr>
<tr>
<td>No savings</td>
<td>68</td>
<td>90</td>
<td>96</td>
</tr>
<tr>
<td>Lone parent</td>
<td>15</td>
<td>44</td>
<td>48</td>
</tr>
<tr>
<td>Non-White</td>
<td>9</td>
<td>15</td>
<td>26</td>
</tr>
<tr>
<td>Disability</td>
<td>18</td>
<td>29</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: Magadi and Middleton (2007)
in this study was the lower receipt of means/disability-tested benefits and tax credits among those in severe poverty. This suggests a proportion of the population perhaps not taking up their full entitlements, or indeed some, such as migrant families, with limited entitlements altogether.

In Barnes, et al.’s (2008) recent analysis the relationship between persistent child poverty and weak links with the labour market emerges extremely strongly. Figure 1 shows the links between persistent poverty, and the work situation of couple and lone-parent households. While half of persistently workless lone-parent households are persistently poor, and nearly the same figure for couple households, only a small fraction of households with people permanently employed experience persistent poverty; 3% for lone-parent households, 7% of couple households with one person permanently employed, 1% in couple households with one person permanently employed and one temporarily, and 0% where both are permanently employed.

The Cabinet Office measure of multiple disadvantage as mentioned above is based on having five disadvantages from a list, including low income and deprivation items alongside: having no parent in the family in work; family living in poor-quality or overcrowded housing; no parent with any qualifications; a mother with mental health problems; and at least one parent with a longstanding limiting illness, disability or infirmity. Using this definition they then point to particular risk factors including the mother’s ethnicity being Asian or Black; the mother aged 16–24; four or more children; lone-parent families; mother’s main language not being English; and being a social tenant.

There are clearly strong overlaps between these analyses. They point to a picture of the severely poor as concentrated in rented housing, with few qualifications, weak connections to the labour market and with experience of disability/poor health. As ever, in such analyses it is important not to solely focus on risk. Composition is also important, so while being in particular minority ethnic groups and in lone-parent households are clear risk factors, large proportions of those in severe poverty are also in ‘White British’ and couple households.

Many, as the Cabinet Office analysis makes clear, are disadvantaged on several dimensions. It is important to note the lack of depth in typical household datasets that are unable to create a full picture of the disadvantage, and which may indeed be subject to a sampling bias against some particularly disadvantaged groups.

Figure 1: Risk of persistent poverty by household type and longitudinal work status

![Figure 1](image-url)

Source: Barnes, et al. (2008)
Earlier analysis in *Britain’s Poorest Children* pointed to a further dimension of severe and persistent poverty (Adelman, *et al.*, 2003). The study found evidence of a group whose position appeared stable but also a large group for whom multiple, meaning two or more, transitions were a serious risk factor. These transitions – moving out of work, and a change in family structure – proved a strong predictor of severe and persistent poverty.

**Are things getting better at the bottom?**

Figures 2 and 3 give an indication of trends in severe poverty. In terms of persistence, measured at both 60% median income, there has been a consistent reduction in levels over a long period, with a particularly steep decline, in recent years. As Figure 2 shows, trends approximately follow those of poverty more generally. As there is a lag effect with measuring persistent poverty, the stagnation and small rise in overall poverty recently may be expected to result in a levelling off of the level of persistent poverty. Figure 2 compares proportions of children living in households with incomes below 40%, 50% and 60% median. While at 50% and 60% there were big reductions in child poverty between 1997–98 and 2000–01, the proportions below 40% remained stable. Since 2001, proportions of children at all thresholds have remained constant, with no significant reductions in child poverty at any level.

The strong association between severe poverty and being out of work is the critical driver. While the proportion of children in workless households fell from 18% to 16% between 1997 and 2000, there has only been half a percentage point fall since. At the same time, there has been little change in

**Figure 2: Changing levels of child poverty: persistent and annual**

*Source: DWP (2008)*

**Figure 3: Children in families on low incomes below 40%, 50% and 60% median**

*Source: DWP (2008)*
the risks of poverty for workless households. In 2000/01 80% of children in workless households were in poverty; by 2005/06, 78% of children in workless households were in poverty, on an after housing costs (AHC) basis (on a before housing costs [BHC] basis the risks rose from 55% to 60% over the period) (DWP, 2002, 2007). This strength of association between households with weak connections to the labour market and severe poverty is driven by the level of the safety net for families not in paid employment, an issue picked up in the policy discussion below.

The extent to which policy is reaching the most disadvantaged is complex and contested. Sure Start provides an important example where different evaluations have given different answers to questions about both the reach of the service and its impact on the most disadvantaged users (Garbers, et al., 2006; Rutter, 2006; Craig, et al., 2007; NESS, 2008). In terms of trends in ‘multiple disadvantage’, the government’s own assessment of their record is indicative. They assert in their Think Family analysis that:

*Over the past decade, the overwhelming majority of families have experienced rising incomes, greater opportunity and improved wellbeing. However, the approaches that have worked for the many have not worked for all. It is necessary to focus on helping the small proportion of families with multiple problems who are still struggling to break the cycle of disadvantage.* (Cabinet Office, 2007)

They suggest that this applies to 2% of families (they are unclear about what proportion of children that means). However, that determination of 2% is questionable as it refers to the threshold of five or more disadvantages; what about those experiencing four disadvantages? Rather it can be taken as a more general belief that the impact of the poverty reduction agenda is not meeting the needs of the most disadvantaged.

Thinking about the longer-term goal of eradicating child poverty, since 2000 there has also been little progress on some other critical issues which are likely to drive levels of severe poverty for the next generation of parents. Given the strong and growing links between education and employment, and between non-employment and severe poverty, what is happening in education is likely to matter greatly. There has been almost zero progress on the proportion of children achieving five GCSEs of any grade (in England and Wales) at 10.3% in 2000 and 10.2% in 2007. The proportion of 16- to 18-year-olds not in education, employment or training (NEET) has increased from 9% to 11%.
3 How/why might policy be devised with a lens of severity?

The lens of severity is important for what it adds to our understanding of the problem of poverty. Aside from specific issues of policy, however, this is an important issue in terms of the overall approach taken to the child poverty strategy. The goal of eradicating child poverty is currently taken to refer to reducing poverty to a level among the best in Europe. Policy-makers could take two approaches to this. The first focuses on those nearest the poverty line, those who are easiest to help, leaving a significant population well below the poverty line, but small enough that it is considered acceptable. An alternative strategy would seek to eradicate severe poverty, accepting instead that the remaining proportion in poverty would be a larger, changing population who dip below the poverty line for temporary periods, before rising above it again. The commitment by Gordon Brown, at the Labour Party’s 2008 conference, to enshrine the child poverty target in law has made this a particular pressing issue. These two approaches are likely to have quite different implications for policy. The former approach will lend itself to cream skimming across all policy areas, whether it is about distributing incomes to those just below the poverty line, focusing welfare-to-work investment on those closest to the labour market or targeting school resources on those most likely to attain particular qualifications. The former may be an easier way of meeting the goal of having among the lowest poverty rates in Europe. The latter approach needs to be more ‘bottom up’, ensuring that the most disadvantaged benefit from public policy.

While policy focused on severe poverty must address the issues of supporting people outside the labour market, and helping people get into work, these are covered elsewhere in this series of reports for the Joseph Rowntree Foundation.

Here I focus on what in addition a ‘bottom-up’ approach might suggest for child poverty strategies. Below I consider the role of:

- Minimum standards
- 100% targets
- Focusing on take-up of financial support and services
- Evaluating services for the most disadvantaged
- Addressing the disconnect between policy makers and the most disadvantaged

**Minimum standards**

The notion of minimum standards is a common one within policy frameworks. From care regulations and housing quality to reading levels, minimum standards, where they are used, set the bar below which particular kinds of provision and individual outcomes should not fall. In that sense they are obviously a key tool for combating severe poverty. Of course they can be set at a very low level, where the gap between the minimum standard and an adequate or average level is very wide. Moreover they need to act as a spur to action, a minimum standard that is not enforced, or does not drive policy is of limited value. However, they do generally provide a benchmark, and a focus for raising quality.

The Minimum Wage is a useful example. It was originally set at a fairly low level, in comparison to other European countries. Despite this, it still raised the earnings of many of the lowest paid. Once instituted, it has risen gradually, becoming a higher quality minimum standard over time so that now it represents 45% of median wages, average among European countries (Low Pay Commission Annual Report, 2008). Of course there are still problems with enforcement (as with all many minimum standards) – an estimated 300,000 are still being
paid below the Minimum Wage (Cooke, et al., 2008).

In terms of counteracting the depth of households’ poverty, minimum income standards are critical. Figure 4 shows the level of the safety net – out-of-work benefit entitlement – combining Income Support, Child Tax Credit and Child Benefit, for different family types as a proportion of median household income. The line represents the poverty line (60% median). As is clear there are substantial differences in the levels for different family types, reflecting different weighting given to couples and single parents, and children of different ages in both the benefit and tax credit system, and the equivalisation indices used for calculating poverty rates. A single parent with a baby has an income at 54% median, while a couple with three children has a safety net at 40% median. There is no agreed minimum standard used for setting these rates, nor indeed any other basis for determining that this differentiation between household types is appropriate. The recent work by the Joseph Rowntree Foundation to develop a ‘socially agreed, empirically based’ minimum income standard also reveals how short those on the safety net fall (Bradshaw, et al., 2008).

What could a minimum income standard achieve in terms of tackling severe poverty? At best a minimum income standard would take all out of poverty. If poverty is a ‘call to action’, and is seen as unacceptable, then we should aspire as a wealthy society to a safety net that does not keep people in poverty. However, even if this was an aspiration for the government or any political party, the system of financial support is too far from this goal at present. In terms of depth of poverty, however, it could be agreed that the safety net should not fall below a certain level for any household type as a proportion

Figure 4: Minimum Income Guarantee for different family types as a percentage of the median

<table>
<thead>
<tr>
<th>Household type</th>
<th>Safety net as % of median</th>
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<tr>
<td>Couple (20) (baby under 1)</td>
<td>50</td>
</tr>
<tr>
<td>Single (20) (baby under 1)</td>
<td>50</td>
</tr>
<tr>
<td>Couple (25) (child 4)</td>
<td>50</td>
</tr>
<tr>
<td>Single (25) (child 4)</td>
<td>50</td>
</tr>
<tr>
<td>Couple (30) two children 5 and 14</td>
<td>40</td>
</tr>
<tr>
<td>Single (30) children 5, 14</td>
<td>40</td>
</tr>
<tr>
<td>Couple (30) three children, baby, 5, 14</td>
<td>20</td>
</tr>
<tr>
<td>Single (30) four children 8, 11, 14</td>
<td>20</td>
</tr>
<tr>
<td>Couple (30) four children 8, 11, 14, 16</td>
<td>20</td>
</tr>
<tr>
<td>Single (20) (child 4)</td>
<td>20</td>
</tr>
</tbody>
</table>

Note: Levels are combination of Income Support; maximum Child Tax Credit and Child Benefit, AHC.
of median income. This would give policy-makers a tool to combat deep poverty. As Figure 5 shows, since 1998 there has been a gradual rise in the level of the safety net as a parentage of average earnings, from below 40% to approaching 45%. It could be agreed that the safety net should not fall below 50% median income. If this was achieved a very large proportion of children in households reliant on out-of-work benefits would have the depth of their poverty dramatically reduced.

Could minimum standards be used to address persistent poverty, other than setting the standard at or above the poverty line? One further option could be for families to have a higher safety net on a limited number of occasions, based on criteria such as age of children, or even lifetime entitlement. The aim would be to break up the persistence of poverty experienced by households, diminishing its scarring effects and potentially giving the family the opportunity to get their household back on an even keel. There is a strong rationale for doing this when families have very young children. They are not expected to return to work, so concerns around work incentives are less pertinent.7

An alternative might be a ‘lifetime’ account, a pot of money relating to a child, which can be drawn on at the parents’ discretion. There is some hope that the rolling out of the Savings Gateway might give families an opportunity to develop this kind of asset to draw on. However, given the difficulties that families on persistently low incomes face in saving, they may well struggle to save sufficient amounts to really act as a barrier to persistent poverty. Magadi and Middleton’s research showed that 96% of children in severe poverty had no savings at all (Magadi and Middleton, 2007).

The idea of a ‘lifetime account’ relates to much of thinking around asset-based welfare, but rather than a child trust fund which enables the child when aged 18 to begin adulthood with some assets, this would give the parents an asset to draw on while their children are growing up.

### 100% targets

Targets matter, driving policy, service priorities and spending throughout the public service delivery chain, from the way central government and departments allocate resources, through local

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**Figure 5:** Safety net as a percentage of average earnings (for a household with two parents and two children)

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**Source:** Annual abstract of benefits and earnings/FRS
governments planning and commissioning, to the way that actual providers structure their work. Schools provide an important example. While there are mechanisms in place to target disadvantage, as funding passes down the chain to delivery it becomes less targeted, as different pressures and incentives cause a flattening out of resource allocation (West, 2007). A recent report by the Institute for Fiscal Studies (IFS) argues that if local authorities in England did not ‘flatten out’ resources intended for disadvantaged students, those students would attract an extra 50% of funding to their secondary schools, and more than double to primary schools (Sibieta, et al., 2008). At the school level league tables in England for example, based on five GCSE A-C targets, have an impact on schools’ priorities (West and Pennell, 2000; Golden, et al., 2002; Burgess, et al., 2005). The most disadvantaged can easily lose out if targets and incentives do not focus on them specifically. Targets that focus on proportions of the population achieving a certain goal will always incentivise cream skimming. The most disadvantaged, for whom progress will be slower and more expensive and where potentially meeting the target will be too great a stretch, are marginalised. By contrast targets that incorporate an element of ensuring minimum standards are reached by all may be vital in ensuring this population are adequately served. However, very few government targets ensure a focus on everyone below an expected level – they typically talk about reducing/increasing the proportion of ‘x’ to meet ‘y’ criteria, rather then ensuring that all of ‘x’ reach a certain level. While there have been some targets such as this they have been few and far between, and not necessarily focused on people, such as the government’s Decent Homes target.

An example of a radical approach taken at a local level has been the West Dunbartonshire literacy strategy. This 10-year strategy, in a highly deprived Scottish local authority, aimed at ‘eradicating illiteracy’, ensuring that 100% of children would reach a minimum level of literacy. Focusing on all children compelled the local authority to take an individualised and differentiated strategy. The different distance that individuals needed to travel to reach the minimum threshold required a distinct level of input and investment for different pupils. The question asked was ‘what will it take for all to reach the goal?’ rather than ‘what can we achieve with this level of resources?’. The strategy utilised a multi-component approach including intensive group-based early intervention that would meet the needs of many, but additionally one-to-one support that would enable all to reach the goal. The target was all encompassing, ensuring that schools, parents and communities were brought on board to deliver this agenda. The extraordinary success of this strategy, which not only delivered literacy for all but much higher levels of capabilities for many, has been acclaimed across the political spectrum (Burkard, 2006; Brown, 2007). It suggests one powerful route for successful service delivery for the most disadvantaged (MacKay, 2007).

The West Dunbartonshire approach is compelling for many reasons. But the explicit focus on all children is one of the most powerful. The government’s main targets – their public service agreements – currently make no commitment to improving the outcomes of all children. The implication is that even if these strategies are successful, there will continue to be those who are left behind.

100% targets may not make sense in all contexts but they require authorities, whether central or local, to tackle a holistic approach to problem solving, and ask what it will take for all individuals to reach the goal, rather than focusing on the easiest (although not necessarily easy) wins. The notion of 100% targets implies differentiated approaches that take a personalised approach to meeting the needs of the most disadvantaged. Personalisation is seen as increasingly important across different policy spheres including ‘welfare-to-work’, education and care provision; one size fits all does not work for people with complex and deep needs. One approach that has gained significant support is around personalisation in social care and the use of direct payments and increasingly individual budgets. The approach, putting budgets in the hands of service users, has strong advocates, emphasising its empowering nature offering the service user choice, based on the principle that they best understand their needs and have a right to be at the centre of decision making. Moreover, they are expected to make services...
more demand-led, responsive to these choices made by users. The Social Exclusion Taskforce has identified individual budgets as a direction of travel for services for the most ‘at risk’ families (Social Exclusion Task Force, 2007).

Whether personalisation is an approach that can be brought to bear on the full tapestry of service provision, incorporating people’s use of mainstream services such as housing, childcare and education for their children and themselves may be critical, as well as ensuring that these tools do truly empower rather than adding an additional layer of complexity to people’s lives. Putting control of resources in the hands of those they are supposed to benefit may be one way of ensuring that the needs of the most disadvantaged are not ignored by those seeking ‘quick wins’.

Focusing on take-up of financial support and services

The lives of the most disadvantaged require demanding and complex interactions with the state. Means testing of policies may mean that the most disadvantaged perhaps have the greatest set of entitlements, the thickest bureaucratic journey to navigate and the most to lose. Rules, regulations and the nature of provision change frequently, leaving the average individual unlikely to understand what is on offer. Take early years and childcare for example: Sure Start, Healthy Start, Sure Start Maternity Grant, children’s centres, neighbourhood nurseries, the childcare element of Working Tax Credit (not to be confused with Child Tax Credit) and the free entitlement to nursery places form just part of a picture that has changed dramatically in recent years.

Moreover, the state is not necessarily seen as a benign provider in people’s lives. Rather for some it may best be viewed as neutral and ineffective, and for others who have had dealings with social services, the criminal justice system or tax credit overpayments among others, it may be seen as pernicious. Yet there is a substantial amount of provision, both in the form of financial support and public and voluntary services, designed to support people. There is a great challenge therefore to enable people to take up and gain benefit from their full entitlements.

Promoting take-up relies on either simplifying the system or altering it to make it more appropriate to people’s needs and providing sufficient high-quality advice and guidance to help people navigate. On both these fronts there are substantial distances to travel for policy.

Benefit simplification is one example of an area where reducing complexity would likely increase take-up of financial support. Child Benefit, the most simple of benefits, has near universal take-up, while Disability Living Allowance, a notoriously complex benefit to claim, has low take-up rates. The Work and Pensions Select Committee concluded their report on benefit simplification in 2007 saying that, ‘A welfare state which aims to meet the diverse needs of millions of vulnerable people will never be simple. Yet our current benefits system is stunningly complicated. It is when complexity becomes dysfunctional, making it hard for staff and claimants to navigate the system, that difficulties arise. We conclude that the UK benefits system has an unacceptable amount of dysfunctional complexity and that its simplification should be a key priority for the DWP’ (Work and Pensions Select Committee, 2007). If we think of financial support more widely, incorporating tax credits, child maintenance (the rules governing) and Council Tax this is even more so. A recent report based on interviews with benefit and tax credit recipients highlights the immense confusion generated by the current system – people simply do not know what they are entitled to, and have no way on their own of figuring it out (CL, et al., 2007). Constant changes to benefit names and related rules may serve the process of evolving and tailoring policy but clearly do not make it easy for people in everyday life to have a good understanding of their entitlements.

While very difficult to map, it is widely acknowledged that existing levels of advice and advocacy for people on low incomes are currently inadequate. For example the Trades Union Congress (TUC) Commission on Vulnerable Workers suggests there are ‘advice deserts’ in relation to employment and a massive shortage of advice generally. Seventy per cent of Citizens’ Advice Bureaux and 80% of Law Centre advisers they surveyed said that there is a shortage of employment advice (TUC, 2008). A recent Joseph Rowntree Foundation review of financial exclusion
concludes that ‘there is unmet need (which is greater than expressed demand) for money and debt advice and capability training, and is likely to remain so’ (Mitton, 2008). Advice can make a great difference; research by MORI has revealed that Citizens’ Advice Bureaux directly put money in the pocket of a third of their clients largely through welfare and debt advice. There is likely a great shortage of advice in areas such as housing, education and social services. The most disadvantaged undoubtedly need support across all these. Advocacy, both lay and professional, is also important in ensuring people get their rights recognised. It is a proven tool for keeping children in education and preventing homelessness (Wright, et al., 2005). However, there are major concerns that recent legal aid reforms will significantly reduce access to legal advice for the most disadvantaged, and lay advocacy remains scarce.

Evaluating services for the most disadvantaged

Macro-measurements of severe poverty – both in terms of depth and persistence – will continue to be important in assessing whether these most disadvantaged groups are benefiting from the overall policy agenda. It is unclear whether the government are using the correct measures to assess this. Further work commissioned by the Joseph Rowntree Foundation on persistent poverty and work is being carried out but the government’s Child Poverty Unit on deep poverty should further the discussion on these. Aside from this there is a need for policy to become more ‘severity-focused’.

The challenge for providing effective public services for the poorest households remains immense. Despite the investment that has gone into health and education in recent years, an inverse law of service provision remains; those in need of the best health and education services too often receive the worse. Figure 6 gives a good example, showing how, in England, the most disadvantaged pupils are concentrated in the schools more likely to require ‘substantial improvement’ according to Ofsted (2003). The measure where schools with large proportions of children in poverty struggle most is ‘standards achieved by pupils’ (now called ‘achievement and standards’ in the Ofsted framework). This is not based on objective attainment scores (where inequality would be expected), but takes a much more rounded view based on aims and expectations, benchmarks and ongoing teaching and learning.

These issues are on the agenda of the UK government and devolved authorities (including in England where there are several high-profile public service agreements including around tackling health inequalities and narrowing the gap in education). Yet after many years of public service reform and heavy investment, there appear to be systemic barriers to progress.

Consider the area of ‘choice’ within public services in England, and the views of the Audit Commission.

Greater choice is clearly going to become a feature of public services. The issue is therefore not whether greater choice should be introduced because it might drive unfairness, but how it can be introduced alongside practical steps to prevent growing inequity and whether individual authorities are adequately addressing the issue; and how we should measure the impact. Equity of access to services and equity of ability to choose and have one’s personal preferences met are becoming increasingly important. The challenge is to ensure that greater choice does not increase unfairness but reduces it, and that individual public services have the mechanisms and measures to secure that...

Choice is a key theme in the government’s public service reform agenda. It has been seen as the next key stem in delivering modern public services, and is seen by many as a driver of service improvement with the qualities of the market driving improvement as public service users act like customers, giving their work to better providers. Choice is also seen as dovetailing with how people see themselves in a consumer society. People have choice in every aspect of their lives, so why should they not have it in public services? It is also argued by some that this will drive equity. Proponents argue that the more affluent already have choice – it is about opening that opportunity to others (see Burgess, et al., 2005).
But is it working on this basis? While we are rich in data in terms of public services, we do not currently have an adequate understanding of the overall quality of services being provided to the most disadvantaged. This may be an area where some thought is required, ensuring the challenges laid out in the previous section are properly assessed on an ongoing basis. There may a role for the various inspectorates, including the Audit Commission and Ofsted and their equivalents in devolved countries to have this issue higher up their agendas. There could be a value in some form of independent annual reporting on the contribution of public services, such as education, to meeting the needs of the most disadvantaged. These bodies have a huge amount of data at their disposal and are in a position to assess whether or not there is ongoing systemic disadvantage experienced by the most disadvantaged.

Addressing the disconnect between policy-makers and the most disadvantaged

A discussion organised by the Joseph Rowntree Foundation and ATD Fourth World, in conjunction with these reports, emphasised the extent of frustration that many people living in poverty feel with the state both in the administration of financial support and the provision of services. The nature and depth of such feelings are hard to quantify. The discourse on the need to have policy and provision informed by services users’ views has become much more mainstream over the past decade, but policy-makers and service-providers must go further in this area (Bochel, et al., 2008; see, for example, CL, et al., 2007; NCC, 2006, 2008). It is not an easy problem to solve; the association between poverty and marginalisation is universal and deep rooted; individual and collective efficacy are hard to address and the state will not have all the levers. However, there are steps that can be taken to improve the situation.
One approach would be to develop mechanisms so that people with experience of poverty are directly involved in the policy-making process. For example, a recent report by Community Links, et al., highlighting a wide range of problems when considering the benefit and tax credit system from a claimant perspective, argued that the delivery of social security and tax credits would be improved by being more customer-led. Among their recommendations they argue that ‘The tax, tax credit and benefit systems should be designed from the perspective of the experience of the individual claimant’ and that ‘A “sounding board” or “claimant advisory panel” should be set up to facilitate design and delivery’ (CL, et al., 2007). A claimant advisory panel, and other equivalent groups, would be a valuable addition to the policy-making process and would ensure that a sample of people who experience services are informing the process.

In many ways it is the uncomfortable interaction between complex lives and rigid bureaucracy which both creates much of the frustration, as well as the barriers to policy achieving some of its goals. It is a point well made in a recent report by the NSPCC. Quoting Tolstoy’s line that ‘Happy families are all alike; every unhappy family is unhappy in its own way’, the report goes on to say, ‘each family and each individual within it, has their own unique story ... it is easily lost sight of in the language of current policy in which risk factors are abstracted from context and meaning, and high-risk families are assumed to be identifiable with very brief checklists to enable interventions to be targeted on them’ (Hooper et al, 2007). Steps such as simplification and increased personalisation discussed above may improve this situation, making services more responsive to people’s needs. This has the potential to make the interaction between individuals and providers more positive. Doing this successfully relies on empowering individual service users and providers with flexibility and discretion, and having clear and accessible avenues of appeal to ensure fairness where discretion is used.
4 Key messages

- Severe poverty can be understood in terms of both depth and persistence, although there may be a strong overlap between these as both are characterised by long periods with weak connections to the labour market.

- While severe poverty is not explicitly at the heart of the discourse on poverty; it is implicitly so. The strong emphases on welfare-to-work and financial support on the policy agenda, the powerful discourse around worklessness, lack of intergenerational mobility and the lack of discussion of temporary poverty and managing risk reflects this.

- Any strategy tackling severe poverty will therefore need to focus heavily on financial support for those outside the labour market, and policies to assist people into sustainable labour market; these will be key drivers of trends in severe poverty (and are the focus of other reports in this project for the Joseph Rowntree Foundation).

- Consideration of severe poverty highlights how little focus policy-makers put on less severe, temporary poverty and managing risks of falling into poverty. This is an area for further research and policy development.

- The lens of ‘severity’ highlights the need for a more ‘bottom-up’ approach to tackling poverty, considering the way in which policy addresses or not the needs of the most disadvantaged. In particular this could mean:
  
  - A focus on minimum standards, that set the benchmark for the outcomes expected for all individuals. In particular financial support policy should reflect on the Joseph Rowntree Foundation’s minimum income standards work, and set targets for a minimum standard of safety net to address deep poverty. There is scope of thinking creatively about how financial support policy can also minimise persistent poverty.
  
  - The use of 100% targets which make service providers ask ‘what will it take so that all reach the standard?’; rather than focusing on those closest to thresholds. If West Dunbartonshire can eradicate child illiteracy, why can’t all local authorities?
  
  - Promoting take-up of support and services by simplifying and providing adequate advice and guidance. The former is an area where policy-makers need to give more recognition to the claimant experience and be much bolder in simplifying the system. The latter is an area where there is currently a lack of knowledge about the state of individual need and more research is required.
  
  - Evaluating the role of service providers in addressing the most disadvantaged. In particular, it would be helpful to consider the potential role various inspectorates could play in identifying systemic barriers to tackling disadvantage in service provision.

  - Ensuring that more steps are taken to address the disconnect between policy-makers and the most disadvantaged. This is a wide and complex agenda, which could begin with the policy community, engaging much more closely with users and understanding the barriers to making social policy work for them.
1. Severe poverty is sometimes used to describe depth of poverty alone as opposed to persistence (that is, where the 40% median threshold is used).

2. While the UK may have comparatively low levels of intergenerational social mobility, persistence of poverty across generations is also a minority experience. Blanden, et al. (2005) show that 37% of sons in the lowest quartile of the income distribution at birth in 1970 were in the bottom quartile aged 30 in 2000.

3. The 40% threshold has been increasingly referred including by the IFS and Scottish Government.

4. Severe poverty defined as households with incomes below 50% median and lacking at least three deprivation items on the FRS scale.

5. Persistently out of work is defined as not working or working less than 16 hours per week in only one year during the four-year period.

6. Additionally, it is important to note that while there is a strong association between persistent poverty and weak connections to the labour market, Barnes, et al. (2008) showed that few mothers in persistent poverty do not expect to work 16+ hours per week in the future (for example, 14% of persistent poor lone parents currently working less than 16 hours or not working).

7. This is already in place for children aged under one, with the baby element of the Child Tax Credit.
References


DWP (2008) Minister of State, Parliamentary Answer, 6 March


About the author

Jason Strelitz is a policy adviser at Save the Children UK, campaigning to end child poverty in the UK. He completed his PhD in social policy at the Centre for the Analysis of Social Exclusion, London School of Economics and Political Science and he has worked on tackling poverty and disadvantage from a variety of perspectives, including for the Joseph Rowntree Foundation, Lambeth Council’s Housing department and Brent’s housing lay advocacy service. His recent book, co-edited with Professor Ruth Lister, brings together a wide range of evidence underpinning the book’s title, Why Money Matters (Save the Children UK, 2008), making the case for concern with family incomes to be at the heart of any strategy to end child poverty.