



**'SIPSE Action Group on Child Poverty'**

## **Briefing Paper for Local Authorities in the South East - Tackling Child Poverty**

### **Summary**

This briefing paper has been produced by the Social Inclusion Partnership South East (SIPSE) Action Group on Child Poverty to help raise awareness of child poverty issues with local authorities across the South East.

The paper looks at the role of local government in tackling child poverty and how particular issues such as living on benefits, the family unit, housing, ethnicity, training, education and skills, and financial inclusion can impact on children. The paper reports that whilst the South East is generally recognised as a wealthy and economically active region, there are many areas within the region that are suffering high levels of deprivation.

The government has pledged to eradicate child poverty by 2020 and has introduced a number of policies and initiatives to support this aim. In 2002 central government and the Local Government Association agreed shared priorities for public services, one of which is 'Improving the quality of life for children'.

One in three children – 3.8 million – currently live in poverty in the UK<sup>1</sup>, one of the highest rates in the industrialised world. The TUC estimate that the effect of child poverty currently costs every person in the UK over £600 per year. The South East Regional cost alone is estimated at £5.4 billion<sup>2</sup>.

Suffering poverty as a child can impact on their whole life; a child's long term prospects are significantly affected, creating problems with social exclusion, educational prospects, employment, homelessness, and mental and physical health issues. Families living in poverty face debt and barriers to both paid work and affordable childcare. Children may experience multiple problems which interrupt important stages of their education, and they are at increased risk of being exposed to crime, either as victims or drawn into early offending.

### **Child Poverty in the South East**

Whilst the South East is generally recognised as a wealthy and economically active region, there are many areas within the region that are suffering high levels of deprivation. Much regeneration is actively directed into priority areas that are defined as the worst quintile on the Indices of Deprivation. However it should be noted that some areas of disadvantage are located within areas of very buoyant economic performance, and rural deprivation needs to be addressed.

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<sup>1</sup> Someone is defined as poor if their household is on less than 60% of median income.

<sup>2</sup> <http://www.endchildpoverty.org.uk/>

The need to tackle the issues of children's social exclusion and poverty are a priority for the Department for Work and Pensions (DWP) as they impact on future worklessness within our society.

The region has issues with high housing costs (see Table 1), seasonal work<sup>3</sup>, basic skills<sup>4</sup> and access to public services, with around 80% of the region classed as rural. There are 31 wards in the South East that rank amongst the top 10% most deprived nationally based on the Indices of Multiple Deprivation scores (see Table 6).

## **Public Service Agreement 2008-2011**

The recent Public Service Agreements 2008-2011, include PSA9<sup>5</sup> which details the government's approach to tackling child poverty, this includes:

- reducing poverty through work
- reducing poverty through raising incomes
- tackling poor living conditions with a focus on housing, fuel poverty and financial inclusion
- focusing delivery on at-risk groups including lone parents, large families, black and minority ethnic (BME) families and families with a disabled member
- Engaging with users
- Establishing clear governance and accountability mechanisms throughout the delivery system.

## **The Role of Local Government in Tackling Child Poverty**

Much of the influence and solutions to eradicating child poverty fall within the remit of Local, County and Unitary Authorities. Local Area Agreements (LAAs) are a key element in rationalising the issues faced and setting targets to implement and achieve the necessary solutions. The national political commitment and improved legislation, such as the Children Act 2004, adds weight to the importance of LAA's role within this issue.

Local government will play a crucial role as place shapers, leaders and enablers of well-being and inclusion, which includes:

**coordination:** Local Authorities, through local strategic partnerships, children's trusts and other local bodies, are perfectly placed to ensure coordination of activities by key players. Through joint commissioning and procurement they can deliver efficiencies and improve outcomes as well as ensuring that services are responsive to the needs of local people;

**engagement:** Local Authorities and their delivery partners are well placed to identify those at risk of being marginalised such as BME families or disabled people and can help drive up awareness of, and access to, mainstream services; and

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<sup>3</sup> Main areas of seasonal work are coastal towns

<sup>4</sup> 9.6% of working age population have no qualifications - ONS

<sup>5</sup> PSA9: halve the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020. (HM Treasury, October 2007)

**service delivery:** public services, both universal and those targeted on deprived areas, are critical to improving poor children's life chances. Effective support services can enable those who might otherwise remain inactive to engage with the labour market while well-designed and timely local services can impact on levels of material deprivation.

Many Local Authorities have already gone a long way in implementing some practical solutions to child poverty, but we need to ensure these measures are consistent and effective throughout the South East.

## **Issues that Impact on Child Poverty**

In order to tackle child poverty we need first to understand the forces that affect children and how strong these are in relation to others.

### **Living on Benefits**

Unemployment and worklessness are major factors in child poverty. There are a total of 575,530 people in the South East claiming out of work benefits. Of these, approximately 233,910 are claiming Incapacity Benefit and/or Severe Disablement Allowance, and 65,453 claiming Jobseekers' Allowance (Oct 2007).

Within the Region there are 12 local wards where the percentage of children in benefit dependant families is at least twice the 21% national average (see Table 5). Focusing resources on these areas could have a direct impact on the lives of these children.

Research over the years has shown that children who hail from families where parents are long-term benefit recipients, are more likely to become benefit recipients themselves. Long-term worklessness can affect their lifestyle, aspirations, health and well-being. Children may come to believe that worklessness is an acceptable way of life and their transition into adulthood may be affected by social exclusion, poor academic achievement and lack of any stretching goals.

### **The Family Unit**

The size and make-up of the family unit can have a huge impact on the child in terms of social acceptance, parental time, peer pressure and financial issues. Two main areas of concern are lone parent families and larger families where there are four or more children. When these two aspects are also combined then the chances of poverty are drastically increased. There are currently 78,300 lone parents claiming Income Support. Of these, over 5,400 have four or more children.

Overall, 48% of children in lone parent families are below the poverty line, compared with 20% in two parent families. Children of lone parents who are out of work are five times more likely to be in poverty than children of lone parents who are working. It is therefore particularly important to encourage these people into the labour market.

There are currently seven Local Authorities where lone parents make up over 2.5% of the working age population (see Table 2). Providing access to

jobsearch support, parenting skills, adequate and affordable childcare and prompt in-work benefits, in conjunction with the availability of flexible employers, will encourage this group to work. This will benefit the local economy, as well as individuals.

Larger families are more likely to be in receipt of supporting benefits such as tax credits and housing benefit. Around 37,300 families in the South East have 4 or more children<sup>6</sup>, and the poverty rate of larger families nationally is 50% as opposed to 23% for one-child families<sup>7</sup>.

Increased childcare costs, general living costs and time for parental control add pressure to families that may already be experiencing a measure of social exclusion.

## **Housing**

House price inflation is fuelling wealth inequalities. Shelter research<sup>8</sup> shows that Britain has become more polarised by housing wealth now than at any other time since the Victorian era, and the gap between the richest and the poorest in income terms is widening. The affordability crisis is a fundamental part of this picture. Spiralling house prices – an increase of 145% since 1997 - has led to two significant trends leading to greater inequality. Firstly, wealth is increasingly held in property, and secondly, more and more people are priced out of the property market.

Both these trends mean a widening of the wealth gap between homeowners and the rest of the population. The housing situation people are born into is increasingly dictating their life chances. Children born on the right side of the divide can expect benefits in childhood, financial help to buy a home and a windfall on their parent's death. On the other side of the divide, more than 150,000 children living in bad housing in the South East suffer insecurity, disrupted education, poor mental and physical health and damaged futures<sup>9</sup>. The evidence is that housing increasingly determines a child's chances in life.

High housing costs can also be a cause of poverty for households across all tenures:

- In the UK, 10.4 million people are living in poverty before they pay their housing costs
- Over 12.8 million people are living in poverty after they pay their housing costs
- This means that 2.4 million people in the UK are driven into poverty because of the high costs of their housing relative to their income

### **The cost of housing**

- The average house price in the South East has risen by nearly 145% since 1997 and sits at £230,976
- Nationally, lower quartile house prices in the region are more than 7 times lower quartile earnings

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<sup>6</sup> Source – HMRC Statistics (equates to 3.8% of families in the South East)

<sup>7</sup> Source – Joseph Rowntree Foundation 2006

<sup>8</sup> The Great Divide: An Analysis of Housing Inequality, Shelter, London, 2005

<sup>9</sup> Against the Odds, Shelter, 2006

- Private rents in the region have risen by 40% since 1997
- Nationally, repossessions have more than doubled since 2003. 6,660 households were accepted as homeless in the South East during 2006/07<sup>10</sup>.

## Housing need

Following London, the South East has the highest number of homeless children<sup>11</sup>. At the end of March 2007 the region was reported to have 10,452 homeless children living in temporary accommodation<sup>10</sup>. Homelessness can affect children's health, and can cause them to miss out on their education. On average, homeless children miss out on a quarter of their schooling<sup>11</sup>.

In addition, 61,000 households were estimated to be living in overcrowded conditions in the South East. A Shelter survey<sup>12</sup> of more than 500 overcrowded families living in social housing has demonstrated the devastating impact of overcrowded living conditions on family relationships, health, and the development and education of children.

## Housing tenure and worklessness

Children living in local authority or housing association homes (see Table 3) are particularly likely to be in poverty<sup>13</sup>. According to Professor Hills,<sup>14</sup> the social rented sector has higher levels of unemployment amongst its tenants than amongst the population as a whole. In two thirds of households in social housing living in the UK, the head of household is not in paid work. This compares to a third for heads of other households.<sup>15</sup>

These findings are hardly surprising. The scarcity of social rented housing makes it a tenure in rationed supply that is often allocated to those in most acute housing need.

These people can often be vulnerable, making the tenant profile in the social rented sector differ significantly from the general population. The circumstances under which tenants enter social rented housing often involves severe crisis, which makes it harder for someone to bounce back immediately and be successful in looking for work.

The rates of economic inactivity (as distinct from unemployment) are also related more to the tenant profile than to any disincentive to work created by social rented housing. Tenants in social rented housing are disproportionately lone parents, those with long term sickness or disability, and those of retirement age. These groups find it hard to go out to work, or do not seek to go out to work, whatever tenure they live in.

Looking at what is on offer across all tenures for those with little earning power, or a range of vulnerabilities, quickly shows that social housing offers

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<sup>10</sup> CLG Homelessness Statistics

<sup>11</sup> Source - Shelter

<sup>12</sup> Full House? The effects of overcrowding on families, Shelter, London, 2006

<sup>13</sup> Opportunity for All – <http://www.dwp.gov.uk/ofa/>

<sup>14</sup> Ends and means: the future roles of social housing in England, 2007

<sup>15</sup> <http://www.poverty.org.uk/>

by far the best chance of allowing people to go out to work and to improve their lives. The Joseph Rowntree Foundation identifies the steep tapers in means tested benefits, and in particular the Housing Benefit system, as being the most significant disincentives to work. Those in the private rented sector suffer from particularly bad 'poverty trap' effects due to the higher rents charged.

### **A Local Area Agreement affordable housing target**

A Local Area Agreement target to supply social homes can provide an affordable source of housing from which employment opportunities can be available to those on low incomes and on benefits, providing children with a sustainable route out of poverty. In addition, tackling poor housing conditions, homelessness and overcrowding, through the supply of new affordable housing will help children to thrive and give them a decent home critical for their future – outcomes that will go a long way towards meeting the Government's commitment to end child poverty by 2020.

### **Ethnicity**

Although children of non-white ethnicity make up 12% of the total child population, they make up 20% of all poor children<sup>13</sup>. Towns and cities geographically closer to London, such as Reading and Slough, tend to have a greater proportion of minority ethnic residents. The South East also has migrant communities in the coastal cities, such as Southampton.

People from a minority ethnic background are twice as likely to live in a low income household as a white background. The rate of worklessness is also higher in minority ethnic backgrounds, although this has shown improvement over recent years. In addition, Black and minority ethnic (BME) households are over-represented among South East England's homeless population (12% of those households accepted as homeless are from BME groups, compared to 7.4% of the whole population).

### **Training, Education and Skills**

In the South East 9.6% of our working age population have no qualifications and in some areas this is much higher (e.g. Dover 14.8%, Slough 14.4%, Swale 14.1%). Almost one million people in the South East have poor literacy skills and around 900,000 have poor numeracy skills<sup>16</sup>. Schemes such as Train to Gain<sup>17</sup> and Skills for Life<sup>18</sup> have been designed to tackle these issues, but take up of these options needs to be higher.

There is a strong link between child poverty and educational outcomes, with children in poverty falling further behind their peers at every stage of schooling. For example, children living in poor housing are twice as likely to leave school with no GCSE's, which in turn will impact on their career prospects<sup>9</sup>.

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<sup>16</sup> Figures reported on Regional Economic Strategy

<sup>17</sup> <http://www.traintogain.gov.uk/>

<sup>18</sup> Skills for Life Provider is Learndirect

Children from poor backgrounds are more likely not to continue in education, training or employment. In the South East (2006), 5.6% of 16-18 year olds were estimated to be not in education, employment or training<sup>19</sup> (NEET). The coastal cities of Brighton, Southampton and Portsmouth were reported to have the worst NEET figures (see Table 4). These cities are also well below the regional averages for GCSE attainment at A-C grade, which has an affect as the child moves into adulthood.

Teaching financial capability, the knowledge, skills and attitudes needed to manage money, can help relate the school curriculum to young people's real life experiences and improve their engagement, for example learning about money can make maths more relevant to young people.

The Department for children, schools and families (DCSF) and HM Treasury are committed to ensuring all children and young people have access to a planned and coherent programme of personal financial education, this will be delivered through a dedicated economic wellbeing and financial capability programme, as part of Personal, Social and Health Education<sup>20</sup>. Financial capability teaching can make a significant contribution to the economic wellbeing strand of Every Child Matters. The Financial Services Authority has funded a programme of financial capability, including free consultancy support and resources for all secondary schools, for example Learning Money Matters<sup>21</sup>.

## Financial Inclusion

The Government's key goals for financial inclusion are about ensuring that everyone has access to appropriate financial services, enabling them to<sup>20</sup>:

- **manage their money on a day-to-day basis**, effectively, securely and confidently;
- **plan for the future and cope with financial pressure**, by managing their finances to protect against short-term variations in income and expenditure, and to take advantage of longer-term opportunities; and
- **deal effectively with financial distress**, should unexpected events lead to serious financial difficulty.

The financial products and services that people need to be able to realise these goals for themselves include bank and saving accounts, affordable credit products, simple insurance products, and free money advice. Those without access to these products face many disadvantages, including:

- finding it hard to get a job as more and more employers require bank accounts for direct credit of wages or salaries;
- paying more for utilities due to lack of access to discounts available for Direct Debit and other automated payment methods;

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<sup>19</sup> NEET Statistics – Sustainable Development.gov

<sup>20</sup> Financial Inclusion: an action plan for 2008-11 (HM Treasury, December 2007)

<sup>21</sup> www.pfeg.org

- having to pay extremely high rates of interest to borrow from doorstep lenders or other providers of "alternative" credit, or worse, facing extortion, intimidation and violence at the hands of illegal lenders or "loansharks".

Many low-income families face barriers to using their money effectively. Families who are unable to access mainstream financial products and services may face difficulties in day-to-day money management, find it harder to plan for the future and manage unexpected or foreseen costs, and be more vulnerable to financial distress. This prevents rising incomes from feeding through to improvements in living conditions.

## **The Future**

To conclude, there are 214,435 dependent children on workless benefits in the South East (2006). 69,325 of these children are under the age of five. We need to tackle the root causes of child poverty by supporting the whole family – early intervention could transform lives and break the cycle of poverty and benefit dependence.

## **Further Information**

For more information on the work of SIPSE, please see the SIPSE website [www.raise-networks.org.uk/sipse](http://www.raise-networks.org.uk/sipse) or contact Simon Plummer, SIPSE Policy & Development Officer, e-mail: [simon@raise-networks.org.uk](mailto:simon@raise-networks.org.uk) or Tel: 01483 501343.



## ANNEX

**Table 1**

**UK and South East Average House Prices** (*Land Registry October 2007*)

|                      | <b>South East</b> | <b>UK</b>       |
|----------------------|-------------------|-----------------|
| <b>Average Cost:</b> | <b>£275,549</b>   | <b>£230,474</b> |
| Detached:            | £458,205          | £353,096        |
| Semi-detached:       | £256,650          | £206,054        |
| Terraced:            | £208,494          | £183,410        |
| Flat:                | £171,007          | £206,048        |

**Table 2**

**SE Local Authorities with highest percentage of lone parents**

| <b>LA Code</b> | <b>LA Name</b> | <b>Working Aged Population 16-59</b> | <b>Lone Parents</b> | <b>Lone Parents as % of Working Aged Population</b> |
|----------------|----------------|--------------------------------------|---------------------|---|
| 21UD           | Hastings       | 47775                                | 1540                | 3.2   |
| 29UN           | Thanet         | 66804                                | 1965                | 2.9   |
| 00MR           | Portsmouth     | 114138                               | 3100                | 2.7   |
| 00MD           | Slough         | 74383                                | 2040                | 2.7   |
| 00MS           | Southampton    | 137510                               | 3635                | 2.6   |
| 29UM           | Swale          | 71723                                | 1800                | 2.5   |
| 00LC           | Medway         | 150758                               | 3775                | 2.5   |

**Table 3**

**SE Local Authority Housing**

| <b>District</b>                          | <b>LA Housing</b> | <b>Ward Data</b>                                   |
|--|-------------------|--|
| Berkshire, Buckinghamshire & Oxfordshire | 8.03%             | Over 30% of wards have less than 2% social housing |
| Hampshire and Isle of Wight              | 7.43%             | Over 53% of wards have less than 2% social housing |
| Kent                                     | 7.08%             | Over 40% of wards have less than 2% social housing |
| Surrey and Sussex                        | 6.96%             | Over 32% of wards have less than 2% social housing |

*NB. Total local authority housing across South East: 7.36%*

**Table 4****Proportion of 16-18 year olds NEET: 2006**

|                      | 16-18 year olds known to Connexions | 16-18 yr olds NEET |      | % of 16-18 year olds whose current activity is not known |
|----------------------|-------------------------------------|--------------------|------|--|
|                      |                                     | Estimated Number   | %    |  |
| Bracknell Forest     | 2,820                               | 180                | 6.4  | 2.2  |
| Reading              | 5,510                               | 400                | 7.3  | 2.2  |
| Windsor & Maidenhead | 3,360                               | 140                | 4.2  | 1.3  |
| Slough               | 4,420                               | 240                | 5.4  | 1.6  |
| West Berkshire       | 4,630                               | 240                | 5.2  | 1.9  |
| Wokingham            | 3,120                               | 150                | 4.8  | 1.9  |
| Kent                 | 46,410                              | 2,970              | 6.4  | 5.7  |
| Medway               | 10,100                              | 620                | 6.1  | 4.9  |
| Buckinghamshire      | 14,170                              | 450                | 3.2  | 3.2  |
| Milton Keynes        | 7,570                               | 490                | 6.5  | 3.3  |
| Oxfordshire          | 18,660                              | 900                | 4.8  | 2.7  |
| Portsmouth           | 4,650                               | 460                | 9.9  | 4.9  |
| Southampton          | 6,820                               | 640                | 9.4  | 8.5  |
| Isle of Wight        | 4,370                               | 260                | 5.9  | 3.2  |
| Hampshire            | 41,150                              | 2,140              | 5.2  | 4.1  |
| Surrey               | 29,070                              | 960                | 3.3  | 3.5  |
| Brighton & Hove      | 6,490                               | 710                | 10.9 | 5.2  |
| East Sussex          | 14,660                              | 1,170              | 8.0  | 4.5  |
| West Sussex          | 23,320                              | 1,050              | 4.5  | 5.1  |

**Table 5****Wards with high percentage of children living on benefits**

| Local Authority  | Ward                   | % children of benefit recipient families |
|--|------------------------|--|
| Ashford  | Stanhope               | 45%                                      |
| Brighton and Hove  | East Brighton          | 47.9%                                    |
|  | Mouslecoomb & Evendean | 41.8%                                    |
| Canterbury   | Northgate              | 45.6%                                    |
| Hastings   | Central St Leonards    | 50.3%                                    |
|  | Hollington             | 44.1%                                    |
| Milton Keynes  | Woughton               | 42.1%                                    |
| Portsmouth   | Charles Dickens        | 48.2%                                    |
| Southampton  | Bargate                | 43.4%                                    |
| Swale  | Sheerness West         | 43.5%                                    |
| Thanet   | Newington              | 42.4%                                    |
|  | Dane Valley            | 42.1%                                    |
| <i>Source – End Child Poverty/Joseph Rowntree Foundation</i> |                        |  |

**Table 6****Highest ranking wards in South East based on Indices of Multiple Deprivation**

| <b>Local Authority</b> | <b>Ward</b>         | <b>National IMD Rank</b> |
|------------------------|---------------------|--------------------------|
| Thanet                 | Pier                | 77                       |
| Hastings               | Central St Leonards | 191                      |
| Thanet                 | Ethelbert           | 194                      |
| Hastings               | Castle              | 203                      |
| Havant                 | Warren Park         | 286                      |
| Ashford                | Stanhope            | 366                      |
| Brighton & Hove        | Marine              | 439                      |
| Brighton & Hove        | Mouslecoomb         | 448                      |
| Thanet                 | Newington           | 452                      |
| Hastings               | Gensing             | 483                      |
| Hastings               | Hollington          | 569                      |
| Milton Keynes          | Woughton            | 573                      |
| Portsmouth             | Charles Dickens     | 601                      |
| Thanet                 | Northdown Park      | 610                      |
| Thanet                 | Cecil               | 648                      |
| Isle of Wight          | St Johns (1)        | 677                      |
| Hastings               | Broomgrove          | 697                      |
| Dover                  | St Radigunds        | 715                      |
| Dartford               | Joyce Green         | 721                      |
| Isle of Wight          | Pan                 | 742                      |
| Dover                  | Town and Pier       | 780                      |
| Thanet                 | Marine              | 781                      |
| Thanet                 | Central Eastcliff   | 794                      |
| Southampton            | Redbridge           | 817                      |
| Swale                  | Eastern             | 846                      |
| Isle of Wight          | Ryde North East     | 849                      |
| Havant                 | Barncroft           | 853                      |
| Havant                 | Bondfields          | 870                      |
| Arun                   | Littlehampton River | 874                      |
| Havant                 | Battins             | 889                      |
| Hastings               | Mount Pleasant      | 896                      |