



Poverty and Social Exclusion in the UK

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**Consultation Response; Social
Mobility & Child Poverty Review**

David Gordon

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Poverty and Social Exclusion in the UK

Overview

The Poverty and Social Exclusion in the UK Project is funded by the Economic, Science and Research Council (ESRC). The Project is a collaboration between the University of Bristol, University of Glasgow, Heriot Watt University, Open University, Queen's University (Belfast), University of York, the National Centre for Social Research and the Northern Ireland Statistics and Research Agency. The project commenced in April 2010 and will run for three-and-a-half years.

The primary purpose is to advance the 'state of the art' of the theory and practice of poverty and social exclusion measurement. In order to improve current measurement methodologies, the research will develop and repeat the 1999 Poverty and Social Exclusion Survey. This research will produce information of immediate and direct interest to policy makers, academics and the general public. It will provide a rigorous and detailed independent assessment on progress towards the UK Government's target of eradicating child poverty.

Objectives

This research has three main objectives:

- To improve the measurement of poverty, deprivation, social exclusion and standard of living
- To assess changes in poverty and social exclusion in the UK
- To conduct policy-relevant analyses of poverty and social exclusion

For more information and other papers in this series, visit www.poverty.ac.uk

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Author

Professor David Gordon
School for Policy Studies
University of Bristol

On Behalf of the Poverty & Social Exclusion in the UK Project Team
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Introduction

This is a consultation response from the ESRC-funded¹ Poverty and Social Exclusion in the United Kingdom (PSE) team, which is a major collaboration between the University of Bristol, Heriot-Watt University, The Open University, Queen's University Belfast, University of Glasgow and the University of York working with the National Centre for Social Research and the Northern Ireland Statistics and Research Agency. The PSE research aims:

1. To improve the measurement of poverty, deprivation, social exclusion and standard of living.
2. To measure the change in the nature and extent of poverty and social exclusion over the past ten years.
3. To produce policy-relevant results about the causes and outcomes of poverty and social exclusion.

Question 1: *What do you think are the links between social mobility and child poverty?*

We welcome the suggestion of increased emphasis on the early years, the availability and quality of services for families and children and improving parenting. All children would benefit from improved adequately funded early years, education and health services. Similarly, all children, both rich and poor, would benefit from improved parenting. However, parenting quality is not a primary cause of poverty in the UK or in other countries. Parenting skills and poverty both have important but independent effects on children's outcomes.

We are concerned that the philosophical position displayed in the Social Mobility and Child Poverty strategies, (*Opening Doors, Breaking Barriers: A Strategy for Social Mobility and A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives*) seemingly revive a number of discredited theories from the 1960's and 1970's, particularly Cultural Deficit theory, Problem Families and theories of Transmitted Deprivation.

In particular, we are concerned about the Social Mobility Strategy's focus on 'intergenerational mobility' rather than *intragenerational* mobility, i.e. a focus on the extent to which people's success in life is determined by who their parents are, rather than a focus on the extent to which individuals improve their position during their working lives, irrespective of where they started off. However, the best way to tackle intergenerational disadvantage and low social mobility is to eradicate poverty amongst adults and children alive today.

¹ Grant reference: RES-060-25-0052 – see <http://www.poverty.ac.uk/>

We are particularly concerned that the Social Mobility strategy document states that ‘*We are primarily concerned with intergenerational social mobility – breaking the transmission of disadvantage from one generation to the next*’ and on ‘*tackling the causes of intergenerational cycles of poverty*’. In addition there is a current policy focus on ‘120,000 Problem Families’, following the establishment of the *Troubled Families* unit in the Department for Communities and Local Government (DCLG) and by the following statements in the child poverty consultation document: “*The evidence available indicates that **simply increasing household income, though reducing income poverty, will not make a big difference to children's life chances.***”

These ideas were extensively researched in the 1970’s and 1980’s and were found to be simply incorrect. Any child poverty and social mobility strategy based on these suppositions will inevitably waste public monies, cause misery and be ultimately doomed to failure. The idea that poverty is ‘transmitted’ between generations is an old libel which is entirely without foundation or supporting evidence. Poverty is not like syphilis or a biblical curse across the generations – poverty is not a disease and it cannot be caught and all credible evidence shows that it is not ‘transmitted’ to children by their parents’ genes or culture.

The idea of a group of feckless, feral poor people whose pathological culture and/or genes transmitted their poverty to their children, can be traced from the Victorian ‘residuum’ through theories of pauperism, social problem groups and multiple problem families to the underclass arguments of today (Macnicol, 1987; Mazumdar, 1992; Welshman, 2006). The problem of poverty was blamed on ‘bad’ genes before the Second World War and on ‘bad’ culture after the discrediting of the eugenics movement by the end of the War.

These ideas are unsupported by any substantial body of evidence. Despite almost 150 years of scientific investigation, often by extremely partisan investigators, not a single study has ever found any large group² of people/households with any behaviours that could be ascribed to a culture or genetics of poverty. This failure does not result from lack of research or lack of resources. For example, the Transmitted Deprivation Programme of the 1970’s lasted over 10 years, commissioned 23 empirical studies and cost over £5m at today’s prices. The Pauper Pedigree Project of the Eugenics Society lasted over 20 years (1910-1933), the Social Survey of Merseyside Study lasted 5 years and the Problem Families Project started in 1947 and eventually petered out in the 1950s³. Neither these nor any other British study, has ever found anything but a small number of individuals whose poverty could be ascribed to fecklessness or a ‘culture/genetics of poverty/dependency’.

The ‘culture of poverty/dependency’ thesis requires that there is a significantly large, stable and relatively homogenous group of ‘poor’ people in order for a culture to develop that is different from the culture of the rest of society. The evidence available in Britain (and Europe) on the prevalence and dynamics of poverty contradicts this thesis. Both the 1990 *Breadline Britain* and 1999 *Poverty and Social Exclusion* surveys found that over 40% of respondents had experienced at least a brief spell of living in poverty at some time during their lives. However, the 1999 *Poverty and Social Exclusion* survey also found that

² i.e. more than 1.5% of the population.

³ Key references for these studies are Brown and Madge (1982), Lidbetter (1933), Caradog-Jones (1934), Blacker (1937, 1952)

only 2.5% of people who were 'poor' also had a long history of poverty. The experience of poverty is a widespread but, for the large majority, relatively brief phenomenon. It is, therefore, unsurprising that there is little evidence that the 'poor' have a different culture from the rest of society. The ten year Transmitted Deprivation Programme concluded, from a comprehensive review of the literature, that "*problem families do not constitute a group which is qualitatively different from families in the general population*" (Rutter and Madge, 1976, p255) and, from the results of the 37 Transmitted Deprivation research projects, that "*all the evidence suggests that cultural values are not important for the development and transmission of deprivation*" (Brown and Madge, 1982, p226). Additionally, Rutter and Madge argued that, while cycles of disadvantage may exist, research had clearly shown that "*the exceptions are many and a surprisingly large proportion of people reared in conditions of privation and suffering do **not** reproduce that pattern in the next generation*".

Research and literature reviews by Murie (1983) on housing, Ashley (1983) on money management and Mortimore and Blackstone on education all failed to find evidence of the 'transmission' of deprivation. Similarly, Jordan (1974) in his book (*Poor Parents: Social Policy and the Cycle of Deprivation*) concludes that '*the theory of the Cycle of Deprivation...encapsulates a number of myths that are very prevalent in both the academic and political spheres*'. Atkinson, Maynard and Tridner (1983) examined the incomes of parents and their children across two generations (following up the descendants of participants in Rowntree's 1950 survey of York) but found no evidence of a 'cycle of deprivation' or 'transmission' of poverty.

Likewise, Coffield, Robinson and Sarsby (1980) reviewed the '*Problem Family*' literature and argued that the idea, along with that of '*Transmitted Deprivation*', should be abandoned as they were intellectually incoherent and unsupported by sound scientific evidence.

The idea of the 'cycle of disadvantage' was revived by the last New Labour Government but did not lead to any notable policy successes. Deacon (2002) has commented that "*that there was little that was new in the evidence and analyses of the cycle of disadvantage presented to New Labour. On the contrary, they had been anticipated in the 1960s and 1970s by researchers on both sides of the Atlantic. What was new was New Labour's receptivity to these arguments*".

Children who grow up living in poverty are unsurprisingly more likely to suffer from poverty during their adult lives than their non-poor peers. There are also of course many families which have problems (sometimes multiple problems) who could benefit from additional help and services. However, any policy based on the idea that there are a group of 'Problem Families' who 'Transmit' their 'Poverty/Deprivation' to their children will inevitably fail, as this idea is a prejudice, unsupported by scientific evidence.

Question 2: What are the main barriers which stop people moving out of poverty or which prevent people from slipping into poverty?

There is overwhelming evidence that child poverty is currently the world's largest source of social harm; it causes more death, disease, suffering and misery than any other social phenomenon. Child poverty is now a bigger scourge on humanity than plague, pestilence or famine. In the UK, there is consistent and overwhelming evidence that child poverty is a major cause of ill health in both childhood and in later life and also a primary cause of inequalities in health (Davey Smith 2007; Galobardes et al, 2004, 2008; Spencer 2008). The 1980 Black Committee report on inequalities in health and the 1998 Acheson committee's *Independent inquiry into inequalities in health* both recommended that the eradication of child poverty in the UK was a key policy that would both improve the health of the population and reduce inequalities in health. More recently, the World Health Organisation's report on Social Determinants of Health argued that the key principles required to guide policy included:

- 1) **Improvement of the conditions of daily life** – the circumstances in which people are born, grow, live, work and age
- 2) **Tackling the inequitable distribution of power, money and resources** – the structural drivers of those conditions of daily life – globally, nationally and locally.

Poverty is also a primary cause of low educational attainment. The most important educational choice a child ever makes is in 'choosing' their parents. If they are born into a wealthy household in the Home Counties they are likely to do well at school. If they are born into a poor family in the inner city they are likely to do badly at school. If you plot educational attainment against measures of individual poverty or area deprivation, you invariably produce a straight line on the graph in both the UK and other countries.

Of course, neither ill health nor low educational attainment is directly caused by a lack of money. Children do not need to eat five pound notes nor do they learn from them. The lack of command over resources over time that constitutes poverty results in social and material deprivations which are harmful to children's health and education. Eradicating child poverty by increasing the incomes of poor families will improve health and educational outcomes by reducing the deprivations children suffer. Simple linear mathematical models which include household level low income but not path and interaction effects between low income and other variables (many of these effects are non-linear) or structural factors tend to minimise and underestimate the true effects of inadequate resources on education and health outcomes.

Child poverty costs the UK at least £25 billion a year, (equivalent to 2% of GDP) including £17 billion that could accrue to the Exchequer if child poverty were eradicated⁴. Public

⁴ Blanden, J., Hansen, K. and Machin, S. (2008) *The GDP costs of the lost earning potential of adults who grew up in poverty*. York: JRF - <http://www.jrf.org.uk/publications/gdp-cost-lost-earning-potential-adults-who-grew-poverty>

spending to deal with the fallout of child poverty is about £12 billion a year, about 60% of which goes on personal social services, school education and police and criminal justice⁵. The annual cost of below-average employment rates and earnings levels among adults who grew up in poverty is about £13 billion, of which £5 billion represents extra benefit payments and lower tax revenues. The remaining £8 billion is lost earnings to individuals, affecting gross domestic product (GDP). Given these research findings, the income transfers required to eradicate child poverty through the tax and benefit system are not unsustainable and will eventually more than pay for themselves. Eradicating child poverty by income transfers is a good long term investment for a society to make.

Child poverty affects many aspects of children’s lives. Table 1 summarises the work of Jonathan Bradshaw and colleagues reviewing the evidence on the detrimental outcomes for children which are associated (and mainly causally related) with child poverty.

Table 1: Poverty: the Outcomes for Children

Outcome	Are Outcomes Associated with Poverty?
Mortality	Yes, strong association with social class
Morbidity	Yes, strong association for most diseases
Accidents	Yes, for fatal accidents (but not accident morbidity)
Mental Illness	Yes
Suicide	Yes
Child Abuse	Yes, except sexual abuse
Teenage Pregnancy	Yes
Environment/Housing Conditions	Yes
Homelessness	Yes
Low Education attainment	Yes
School exclusions	Don’t Know
Crime	No
Smoking	Mainly after childhood
Alcohol	No
Drugs	No
Child Labour	No

It is clear that in the UK and other countries the most important policies which will make a rapid and measurable impact on children’s lives are those which increase the incomes of poor families, reduce their social and material deprivation and help poor children to participate and be included in the normal activities of the society in which they live.

⁵ Bramley, G. and Watkins, D. (2008) *The public service costs of child poverty*. York: JRF
<http://www.jrf.org.uk/publications/public-service-costs-child-poverty>

Question 3: Do you think the Government's policies, in particular the social mobility and child poverty strategies, will improve people's life chances?

Both, the Social Mobility and Child Poverty strategies, (*Opening Doors, Breaking Barriers: A Strategy for Social Mobility* and *A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives*) largely ignore the structural reasons for the persistence of poverty, low social mobility and educational underachievement (e.g. inadequate school funding in poor areas, social class segregation in the education system, low quality teaching, exclusions, schools failure to prevent bullying, teacher prejudice/bias/lack of respect, etc.).

For example, Jackson and Marsden (1962) and Willis (1977) clearly documented the fact that the British state education system was largely run by the middle classes, for the benefit of the middle class students. Working class students were subject to prejudiced attitudes and a lack of respect by both their teachers and their middle class peers. This often resulted in alienation, disaffection and disengagement by working class children and, in particular, amongst working class boys. Unfortunately, 40 years later, research by Reay and Arnot (2004, 2006) found virtually identical attitudes which impeded the educational attainment of working class children.

"The vast majority of, in particular, the working class students talked about a sense of educational worthlessness and feelings that they were not really valued and respected within education. The quotation below is just the most poignant of many examples:

Kenny: Some teachers are a bit snobby, sort of....

Martin: Those teachers look down on you

Kenny: Yeah, like they think you're dumb ... we don't expect them to treat us like their own children. We're not. But we are still kids. I'd say to them, You've got kids. You treat them with love but you don't need to love us. All you need to do is treat us like humans." (Reay, 2006, p297)

Both the child poverty and social mobility strategies have a focus on improving the educational attainment of poor children, however, unless the Coalition Government is prepared to tackle the multiple structural problems which currently prevent working class children from achieving their educational potential, these policies will be unsuccessful.

The child poverty and social mobility strategies pursue the old aim of 'less eligibility', with policies designed to ensure that those outside the labour market are worse off than those in paid work. This is a primary cause of poverty in the UK, particularly amongst lone parents, pensioners, the sick and disabled and jobless households. The most successful solutions would be to increase cash benefits and improve the availability of high quality universal public services, free at the point of use. (Pantazis et al, 2006).

Question 4: Are there other policies that could be implemented for the same cost which would ensure that all citizens have the same opportunities?

The social mobility strategy “plans to boost social mobility impact across the life cycle from the Foundation Years through school life, and the key transitions from education into the working world”. However, the life cycle does not end with the working world. Most people in the UK survive until retirement and considerable social mobility changes are associated with retirement. The social mobility strategy needs to take a whole life cycle approach not a partial approach if it is to be successful.

The child poverty strategy will include three main elements:

- A stronger focus on ensuring that families who are in work are supported to work themselves out of poverty; families that are unable to work are able to live with dignity and not entrenched in persistent poverty; and that those who can work but are not in work are provided with services that will address their particular needs and help them overcome barriers to work.
- A stronger focus on improving children’s future life chances, by intervening early to improve the development and attainment of disadvantaged children and young people throughout their progression to adulthood.
- A stronger focus on place and delivering services as close to the family as possible, by empowering local partners and ensuring that local diversity can be recognised and developing strong local accountability frameworks.

A strategy based on just these three main elements is narrow, partial and highly likely to be ineffective. A much broader strategy is required. For example, the Welsh Government has adopted a child poverty eradication plan which has 13 broad aims (see below) and which have gained widespread support:

1. Increasing the income of poor families with children.
2. Ensure that, as far as possible, children living in low income families are not materially deprived.
3. Promote and facilitate paid employment for parents in low-income families.
4. Provide low-income parents with the skills needed to secure employment.
5. Help young people take advantage of employment opportunities.
6. Support the parenting of children.
7. Reduce inequalities in educational attainment between children and young people.
8. Help young people participate effectively in education and training.

9. Reduce inequalities in health between children and between their parents, so far as necessary, to ensure children's well-being.
10. Reduce inequalities in participation in cultural, sporting and leisure activities between children and between children's parents, so far as necessary, to ensure children's well-being.
11. Help young people participate effectively and responsibly in the life of their community.
12. Ensure that all children grow up in decent housing.
13. Ensure that all children grow up in safe and cohesive communities.

The child poverty strategy in the consultation document inadequately addresses seven key areas which are included in the Welsh child poverty strategy and delivery plan. These include:

1. Increasing the incomes of poor families with children.
2. Reducing social and material deprivation of poor children.
3. Improving housing condition of poor children.
4. Improving the health of poor children and reducing health inequalities amongst children.
5. Improving the educational attainment and reduce educational inequalities amongst **both** younger and older children.
6. Improving poor children's participation in cultural, sporting and leisure activities and reducing inequalities in these areas amongst children.
7. Facilitating children and young people to participate more fully in their communities.

It is of particular concern that the strategy in the consultation document does not adequately address the inadequate income and material living conditions of families with children which are unable to take up paid employment. It is also of concern that children and young people are assumed to be passive recipients of policy and services rather than active citizens who have a right to participate in the decisions which affect their lives.

Question 5: How can we create the right mix of practical and financial support to ensure that all people have opportunities to get on in life?

It is hard to overstate the importance of services for increasing the standard of living of poor children in the UK, yet there is currently no official measure of inadequate service access for children (and their families). Despite the recent advances in the measurement of child poverty in both the UK and Europe, service access has been under-researched and neglected.

The value of services

There have been a number of analyses of the value of services to households produced by both academics (e.g. IFS⁶, LSE⁷) and also HM Treasury as part of the Comprehensive Spending Review analyses⁸. However, these analyses have been subject to criticism and political debate. The analysis below (Table 2) is based on the 2008/09 *The effects of taxes and benefits on household income* data (Barnard, 2010). This ONS series has been produced for almost 50 years, without attracting great controversy. Table 2 shows the redistributive effects of taxes and in-cash benefits and the value of in-kind services to the poorest and richest 10% of non-retired UK households⁹ in 2008/09. The market income of the poorest 10% of non-retired households is £4,620 per year, the value of cash benefits is £4,917 and the in-kind value of services is £6,938. Therefore, the in-kind value of services for the poorest households is considerably greater than either their market income or the cash benefits they receive. Indeed, the in-kind value of services represents more than 50% of the poorest households' 'final' incomes, once the effects of direct and indirect taxes have been allowed for. In 2008/09, the in-kind value of services represented 57% of the final annual incomes (£12, 172) of the poorest 2 million households in the UK.

In particular, the average annual value of education services alone was worth £4,494 to the poorest 10% of UK non-retired households, indicating the high number of households with children in this poorest group.

Table 2: Average Income, Taxes and Benefits for Non-retired UK Households

	Poorest 10%	Richest 10%
Market income (earnings, investments, etc)	4,620	103,501
Direct taxes	1,165	25,937
Indirect taxes	3,138	8,654
Post tax market income	317	68,910
Total cash benefits	4,917	1,343
Value of in kind services		
Education	4,494	1,319
National health service	2,231	2,040
Housing subsidy	45	2
Rail travel subsidy	30	164
Bus travel subsidy	49	86
School meals and welfare milk	90	1
Total Services (in-kind benefits)	6,938	3,611
Final income	12,172	73,864

It should also be noted from Table 2 that not all services are pro-poor. For example, the richest 10% of UK households benefit more from subsidised rail and bus travel than do the

⁶ <http://www.ifs.org.uk/projects/346>

⁷ Sefton, T. (2002). *Recent changes in the distribution of the social wage*. CASE Paper 62, London School of Economics <http://sticerd.lse.ac.uk/dps/case/cp/CASEpaper62.pdf>

⁸ http://cdn.hm-treasury.gov.uk/sr2010_completereport.pdf - see Appendix B

⁹ Households have been ranked by equivalised disposable income using the modified OECD equivalisation scale.

poorest 10% of households. The richest 10% of non-retired households also receive almost the same value of health services as the poorest 10% of households despite expenditure on private medicine amongst the richest households and the relatively lower health needs of rich non-retired household members.

The value of services to children

Unfortunately *The effects of taxes and benefits on household income* data only includes breakdowns for retired and non-retired households and not households with children. Tom Sefton (2004) has attempted similar analyses for 'poor' and 'non-poor' children. Table 3 is adapted from his work. Poor children were defined as those children living in families who are in receipt of Income Support or income-based Job Seekers Allowance in 2001/02.

Table 3: Value of public spending on services for children in England, 2001/02

Service	Poor Children	Non-poor children	Pro-poor ratio
Education	2,570-3,110	2,310-2,430	1.06-1.4
Health	480-610	430-460	1.04-1.4
Social Care	370-810	200-300	1.2-4.1
Housing	1,220-1,650	180-230	6.8-7.0
Total	4,640 – 6,180	3,120 -3,420	1.4 – 2.0

Table 3 estimates that, in 2001/02, 'poor' children in England received on average between £4,640 and £6,180 per year in services, which was between 40% and twice what 'non-poor' children were estimated to have received (pro-poor ratio of 1.4 - 2.0).

Sefton (2004) found that "*on average, the government spends around £5,000 per child on public services*" which included social security benefits and in-kind services. Universal services like Health and Education were not strongly pro-poor even though poor children have worse health and educational outcomes than 'non-poor' children (Bradshaw, 2001). Housing was the most pro-poor service from which children benefited.

Why services do not always meet the needs of the 'poor'

When the NHS was founded, it was universally believed that making medical care free of charge at the point of use would inevitably reduce/eliminate health inequalities in the UK. However, although the health of the UK population improved dramatically over the next 60 years, the health gap between the 'richest' and 'poorest' people and the 'richest' and 'poorest' areas widened (Thomas, 2010). The health of the richest and middle income groups increased at a faster rate than the health of the poorest groups (Shaw et al, 1999).

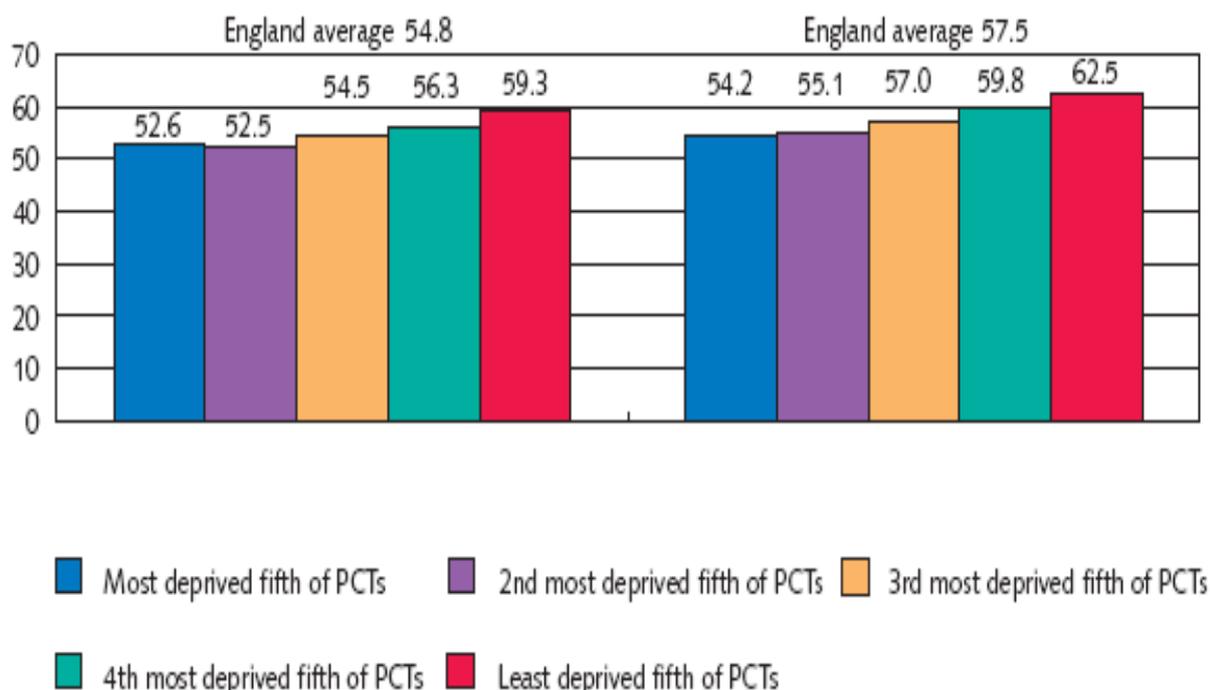
There are two main reasons why the richest and middle income groups benefited more than the poorest groups in the UK. Firstly, poverty causes ill health (Marmot et al, 2010) and, secondly, the poor receive less high quality health services, relative to their needs, than the richest and middle income groups (Watt, 2002).

Julian Tudor Hart has described the reasons for the inadequate health service receipt by the 'poor' in his 'inverse care law' and the 'rule of halves'. The term 'inverse care law' was coined by Tudor Hart (1971) to describe the general observation that "*the availability of good medical care tends to vary inversely with the need of the population served.*" It has

been observed with many services, not just health services, and seems to be particularly acute when there is a market or quasi-market element to service delivery. For example, although GP services are free at the point of use they are mostly private businesses and Figure 1 shows that there is a clear inverse gradient in England between the number of GPs per patient and area deprivation (SRGHI, 2005) i.e. the more deprived an area, the fewer the number of GPs.

Figure 1: The Inverse Care Law in Action

Average number of GPs per 100,000 by area deprivation, 2002 & 2004



Source: SRGHI 2005

The rule of halves describes the outcome when service providers do not actively seek out clients in need of help but wait for them to ask for services. In UK health care, approximately:

- Half of chronic disease is undetected
- Half those detected are not treated
- Half those treated are not controlled/followed up

Therefore, the outcome is that only about 1 in 8 people in a population receive effective medical treatment for their health problems. This ‘rule of halves’ has been shown to operate in the service provision for a wide range of health conditions including: Type 2 diabetes, visual impairment, deafness, incontinence in older people, glaucoma, coeliac disease, asthma, kidney failure, psychosocial problems in children, vertebral fracture from osteoporosis, suicidal depression, domestic violence, prostatic obstruction, heart failure, atrial fibrillation, schizophrenia and follow-up after strokes and coronary heart attacks (Tudor Hart, 2006).

Service Quality

Any service deprivation measure needs to attempt to measure both service receipt and service quality. However, it should be acknowledged that the most important aspects of service quality for adults may not be the most important aspects for children. Wager and colleagues (2007; 2010) studied the experiences and perceptions of services of 56 children aged 10 to 14 in Scotland. They found that the important aspects of quality in service provision from children's point of view included:

- factors related to service accessibility (service location, opening times and level of open versus restricted access);
- service provision in safe and welcoming physical environments;
- positive staff attributes (friendly, caring, approachable and welcoming staff; non-judgemental staff attitudes towards young people; staff trustworthiness and confidentiality);
- continuity of staffing, perceived as especially important for services requiring one-to-one contact such as health services; and
- service affordability

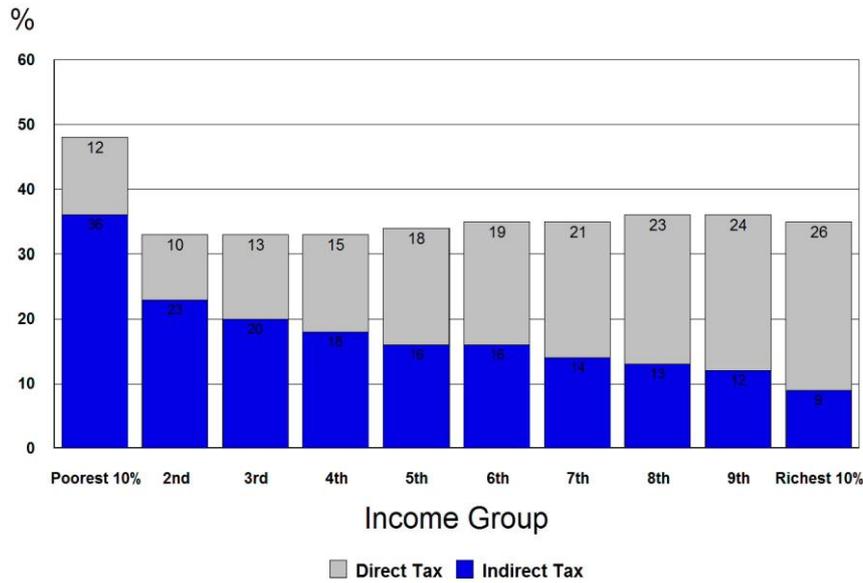
Question 6: What are the best examples of projects which have brought about real progress in creating a fairer, more mobile society?

Question 7: Are there additional measures, compatible with our fiscal approach, which could help us combat poverty and improve life chances?

The Coalition Government has argued that the tax and benefits system should be made fairer and needs to ensure that 'work pays'. A key issue that structurally perpetuates both adult and child poverty is the huge tax burden faced by the poorest households. The poorest 10% of people in the UK pay on average 48% of their gross income in direct and indirect taxes, whereas the richest 10% of people pay 35% of their gross income in taxes. (see Figure 2 below). The tax rates paid by the poorest households have risen considerably over the past 30 years while tax paid by the richest households has fallen (see Figure 3 below).

Figure 2:

Figure 2: Tax as a percent of gross household income, 2007/08

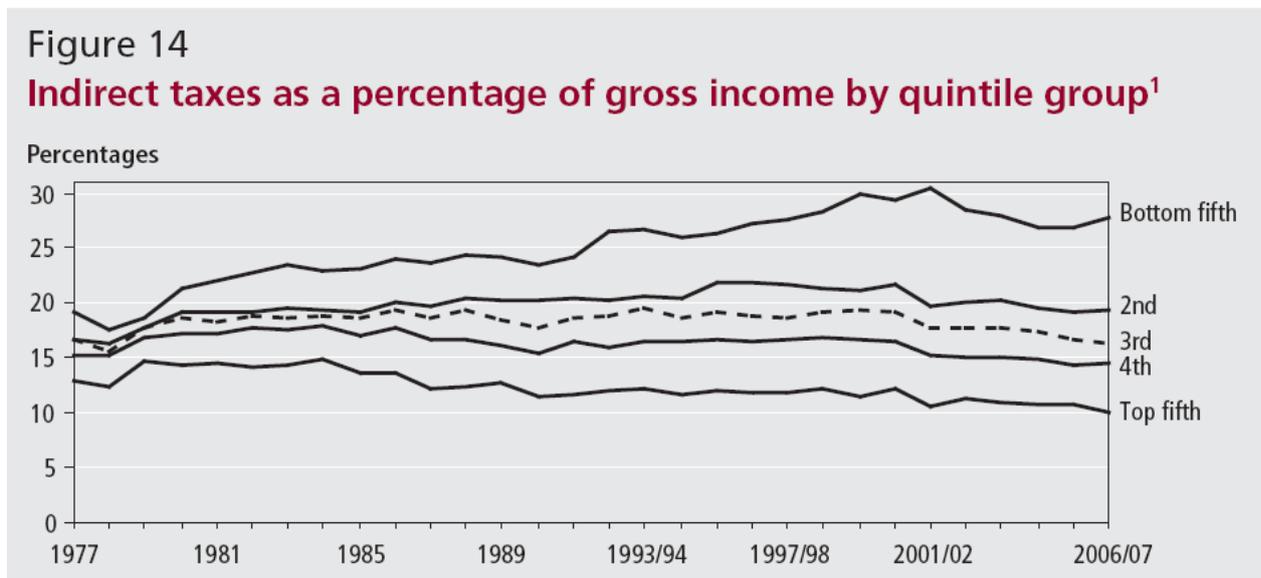


Source: Calculation from Table 14, Appendix to Barnard, A. (2009) The effects of taxes and benefits on household income, 2007/08. *Economic & Labour Market Review*, Vol 3, No 8, pp56-66.

http://www.statistics.gov.uk/downloads/theme_social/Taxes-Benefits-2007-2008/tax_benefits_0708_all_tables.xls

The figure below shows that the poorest fifth of people in the UK have suffered from a significant rise in the percent of their incomes deducted by indirect taxation since 1977, whereas the richest 20% of the population has seen its indirect tax rate fall.

Figure 3:



Source: Jones, F., Annan, D. and Shah, S (2009) The redistribution of household income, 1997 to 2006/07. *Economic & Labour Market Review* Vol 3, No 1, pp31-43

Unfortunately, the poorest households not only pay excessively high and unfair rates of tax, they also pay more for goods and services due to inadequate market regulation. A recent report by Save the Children on the 'poverty premium' found that:

*"Families on a low income are still paying more for their basic goods and services than better-off families in the UK. This annual 'poverty premium' can amount to more than £1,280 for a typical low-income family."*¹⁰

There is absolutely no reason why the Coalition Government should allow utility companies to charge the poorest households more for electricity and gas than their richer peers. The Government's important aim of reducing the emissions of CO2 is being undermined by perverse market incentives which result in electricity and gas being cheaper the more you use. The Coalition Government should regulate the utility market to introduce a rising block tariff which penalises high energy use and rewards low energy use. This would both provide a financial incentive for households to reduce CO2 emissions and reduce the energy poverty premium paid by poorer households. It could also be structured to be cost neutral for the energy suppliers.

Question 8: What are the best examples of where effective projects have been expanded and best practice shared with other areas or organisations?

Strong local communities have long been recognised as pivotal in defending the population against the effects of poverty. In the 1930's, Winifred Holtby identified local government as *"in essence the first line of defence thrown up by the community against our common enemies - poverty, sickness, ignorance, isolation, mental derangement and social maladjustment."* It is a fundamental duty of policy makers, according to Professor Julian Le Grand, to *"be more aware of the distributional consequences of all forms of public policy"*. The Local Government Anti Poverty Unit argued in the 1990's that:

"The real challenge is to look at, and change as necessary, the whole of local authority activity, in direct relation to the needs of the community it is there to serve. With a focus on the community - both the individual and collective needs - it is logical to respond in an integrated (corporate) way and even more logical to, draw up strategies for action rather than responding in a piecemeal way."

The Report of the Commission on Poverty, Participation and Power¹¹ in the UK produced a set of guidelines on how this crucial element of any local anti-poverty strategy might be achieved. The Commission argued that that participation in decision-making processes by people experiencing poverty would:

¹⁰ http://www.savethechildren.org.uk/en/docs/UK_Poverty_Rip_Off_Brief.pdf

¹¹ <http://www.jrf.org.uk/publications/commission-poverty-participation-and-power-evaluation>

- improve decision making;
- empower individuals and communities; and
- promote a healthier democracy, in which everyone feels involved.

The Commission recommended that local administrations should set up a task force made up of people with direct experience of poverty and people with experience of participatory ways of working to draw up recommendations on ways to ensure that people experiencing poverty can participate in decision-making processes affecting their lives. These task forces could be guided by the following ten suggestions:

1. Looking at policies on poverty? Involve the real experts
2. How is it working? Ask the people who know
3. Want people to participate? Stop punishing them!
4. All policies affect people in poverty - ask them how
5. Usual methods + the usual suspects = old answers - find new ways to work!
6. Ground rules for getting it right
7. Raise expectations of rights
8. Give us the money!
9. Carrots and sticks for people with power
10. Share what works

These suggestions illustrate the importance of the process of developing an anti-poverty strategy alongside a focus upon its outcomes in terms of long-term goals and appropriate policy measures. Community involvement contributes to a more successful identification of the problems facing people living on low incomes as well as building local capacity to support long-term solutions. The key points are summarised below:

- **Mainstreaming:** Anti-poverty strategy should be the responsibility of the entire organisation and needs to be incorporated within existing corporate commitments, rather than operating as an optional, ad hoc, 'bolt-on' to existing commitments and services. Anti-poverty perspectives need to be prioritised in political management arrangements, in organisations' staffing profiles and in the budgetary process.
- **Partnership working:** Effective anti-poverty strategies build upon the experience and expertise of a wide range of statutory and non-statutory organisations. Whilst government must take the lead in tackling poverty, they cannot deliver solutions on their own and need to build a shared commitment to partnership working. In order to encourage effective collaboration, Local Authorities need to be aware of and address the disparities of power between partners, for example, in relation to community and voluntary groups.
- **Monitoring and evaluation:** Better information and the monitoring and evaluation of the impact and effectiveness of anti-poverty strategies should be a key priority. This should include evaluation of processual issues (the way things are done) and long-term qualitative measures (such as equity, empowerment and accessibility), alongside 'hard' quantitative indicators.
- **Community involvement:** The creation of sustainable structures through which local people can exercise real control over the decisions, structures and processes which affect their lives should be a key priority. This can be achieved in a variety of ways:

devolved decision making at the community level; widening community participation in decision making processes; building community capacity; resourcing and developing community and voluntary groups and broadening participation to include young people and marginalised groups.

- **Income maximisation:** Ensuring that people living in or on the margins of poverty are receiving all the benefits to which they are entitled is a key feature of anti-poverty work. This can be achieved through a range of measures: initiatives to maximise the efficiency of benefit delivery (eg one stop shops, unified benefit systems); reform of charging and debt recovery procedures; support for community economic development initiatives (eg Local Exchange and Trading Schemes [LETS], credit unions) and welfare rights and advocacy work (eg benefit take-up campaigns).
- **Employment and pay:** Job creation measures need to address the quality of job creation measures in terms of, for example, sustainability, equal opportunities, pay rates) as well as the quantity of job opportunities. This includes tackling employers who develop a dual labour market, operate discriminatory employment practices or abuse minimum wage legislation.
- **Access to services:** Widening access to public services is a basic principle of anti-poverty work since local public services are often directed towards those on low incomes. Local Authorities need to focus upon improving the accessibility of mainstream public services and develop accessible public services targeted at people living on low incomes.

In order to be cost-effective and efficient, local anti-poverty policies need to be targeted at the groups of people who are most likely to be poor.

Question 9: What more should businesses, civil society and other non-government institutions be doing to improve social mobility and tackle child poverty?

The Coalition Government can assist the private sector to help tackle child poverty through effective market regulation which reduces the poverty premium which “*can amount to more than £1,280 for a typical low-income family.*”

A large number of charities have the prevention or relief of poverty as a charitable aim. Increased scrutiny and assistance by the Charity Commission is needed to ensure that the guidance on “*The Prevention or Relief of Poverty for the Public Benefit*”¹² is adhered to.

¹² http://www.charity-commission.gov.uk/Charity_requirements_guidance/Charity_essentials/Public_benefit/pbpoverty.aspx

Voluntary sector organisations report a number of obstacles to partnership working on tackling poverty and regenerating local areas. For example, Box 1 (below) summarises the findings of Cemlyn et al's (2002) research with voluntary and community organisations in Cornwall.

Box 1: Obstacles to Effective Partnership Working in Neighbourhood Renewal - Participant's Perspectives¹³

- An imbalance in the capital as against the revenue budgets, and an emphasis upon large scale projects which can leave the more disadvantaged neighbourhoods and groups even further behind
- Difficulties of obtaining matched funding and the complexity, bureaucracy, and lack of transparency of bidding processes, which divert attention from longer term development
- Dangers of fragmentation because of the multiplicity of new initiatives and policies
- Dangers of disillusion and initiative fatigue when consultation and new initiatives do not lead to tangible results for disadvantaged neighbourhoods
- Insufficient proactivity, cooperation and flexibility on the part of some statutory agencies in response to community initiatives
- A focus on 'hard' quantitative targets compared to qualitative goals and long-term community development work in deprived neighbourhoods
- Negative perceptions of community engagement and receptiveness to regeneration initiatives by some statutory partners.

The public sector will need to help minimise or remove these obstacles to assist partnership working with the voluntary and community sector on tackling child poverty and improving life chances.

¹³ http://www.bristol.ac.uk/poverty/Regional%20poverty_files/cornw/02NCVO.doc

Question 10: What would be the best way to measure progress on social mobility and child poverty?

Question 11: Do you think the indicators set out in the child poverty strategy and social mobility strategy are the right measures?

The Social Mobility and Child Poverty strategies, (*Opening Doors, Breaking Barriers: A Strategy for Social Mobility* and *A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives*) have adopted a wide range of indicators which are mainly focused on children. The Child Poverty strategy indicators concerning Family Resources and Family Circumstances are mainly those included in the Child Poverty Act 2010 and variations on the European Union 'Laeken' Social Inclusion indicators. These are therefore tried and tested indicators which have been developed over many years and while they can all be subject to criticism they are also useful.

However, the circumstances of adults and particularly adults not in paid work and/or 'older' adults are entirely ignored. It is somewhat surprising that the social mobility strategy indicators will fail to measure progress (or lack of it) amongst more than a third of the UK population. Thus these indicators will provide only an inadequate and partial picture of social mobility (and poverty) in the UK.

Additionally, the Child Poverty strategy indicators concerning Children's Life Chances and the Social Mobility Strategy indicators are flawed and are unlikely to be effective or accurate measures of child poverty or social mobility. For example, both strategies will use Low Birth Weight as an indicator of both child poverty and social mobility. However, fertility trends over the past decade call into question the utility of this indicator as an adequate measure of progress e.g. the increase in IVF births, the increasing number of babies born to 'older' women in higher social classes, the increasing use of caesarean operations, etc.

Similarly, indicators of child development, such as school readiness are impractical and undesirable as measures of child poverty or social mobility. Firstly, although these indicators are important measures for studying the development of young children, they are not indicators of child poverty. Secondly, by emphasising personal and individual characteristics rather than wider social and environmental factors they ignore the importance of poverty itself on life chances (Kiernan, K.E. and Mensah, F.K., 2010). Thirdly, there are considerable technical and logistical problems in trying to adequately measure these indicators.

Despite accepting their lack of utility as poverty and social mobility measures, some commentators have argued that these recommendations should be welcomed as broader measures of child well-being for young children. The PSE team would welcome a broad set of child well-being measures; unfortunately, the Field proposals are inadequate for this purpose. Extensive research has resulted in the development of ideal criteria for sets of social indicators of child well-being (Moore, 1995; Ben-Arieh, 2000; Barnes, 2001):

1. Indicators should assess well-being across a broad array of outcomes behaviours and processes.
2. Age-appropriate indicators are needed from birth through adolescence and covering the transition into adulthood.
3. Indicators are needed that assess dispersion across a given measures of well-being, the duration that children spend in a given status and which assess cumulative risk factors experienced by children.
4. Indicators should be easily and readily understood by the public.
5. Indicators should assess both positive and negative aspects of well-being.
6. Indicators should have the same meaning in varied societal groups, within and across nations.
7. Indicators should have the same meaning over time.
8. Indicators should be collected now that anticipate the future and provide baseline data for subsequent trends.
9. Coverage of the population or event being monitored should be complete or very high: data collection procedures should be rigorous and should not vary over time.
10. Indicators should help track progress in meeting social goals for child well-being at the national, state and local levels.
11. Indicators should be available for relevant population sub-groups.

The Child Poverty strategy indicators concerning Children's Life Chances and the Social Mobility Strategy indicators fail to meet many of these criteria. For example, they would not be easily understood by the public (or policy makers?), they are unlikely to have the same meaning over time, they mainly cover children and working age adults but not pensioners, coverage is currently low and sub-group analyses are often difficult (or impossible), they do not adequately measure dispersion or duration and, finally, it would be hard to use them to track progress in meeting the Government's targets.