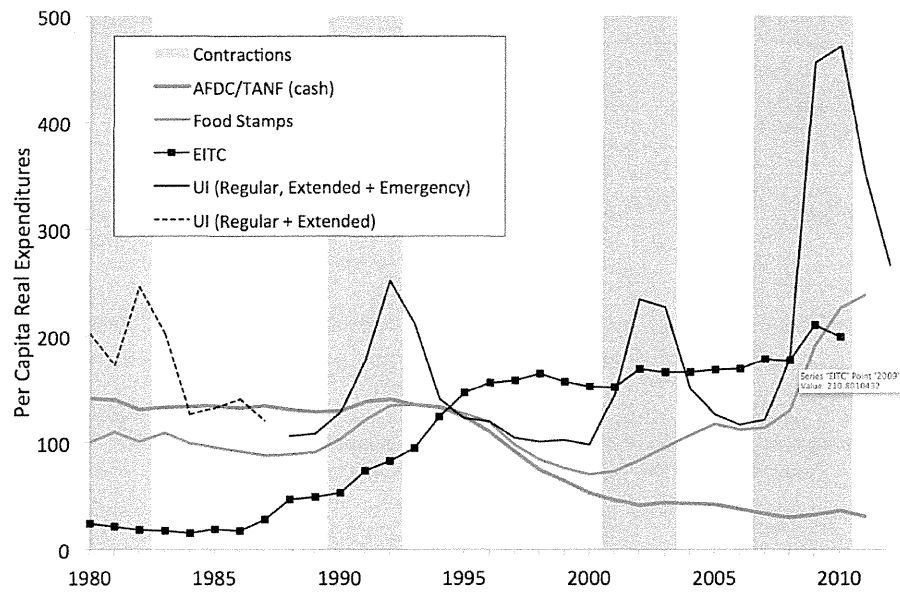
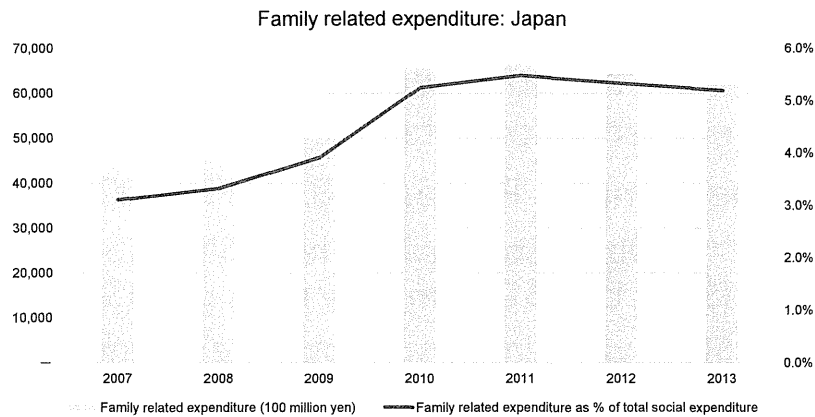


## Evolution of social safety net spending

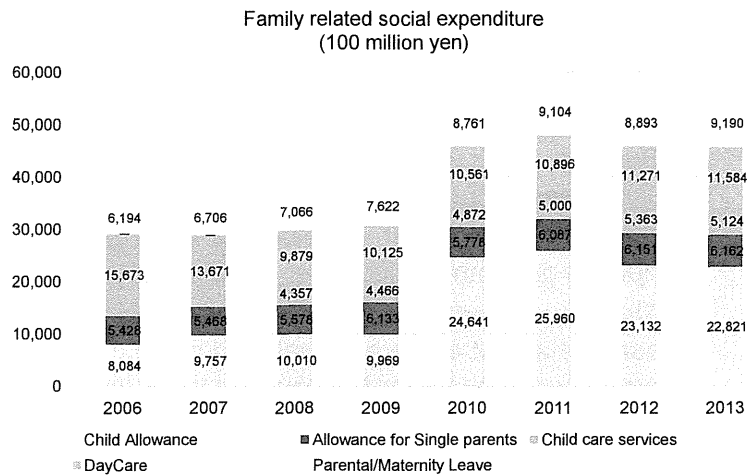


## Family related expenditure increased



Especially a big leap in expenditure from 2009 to 2010 when the Kodomo Teate was introduced. But it still remains high compared to the pre-2010, but has been gradually decreasing from 2011 to 2013. The same trend as % of total social expenditure. Only family-related benefits increased, not the entire social expenditure

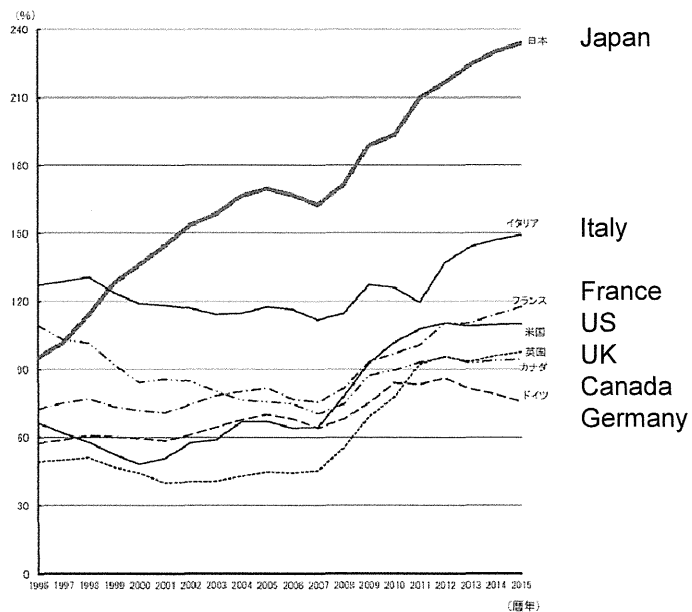
## The increase is in Child Allowance



- Almost all increase in family-related social expenditure is due to increase in the child allowance.

(\*) Day care and child-welfare services were not separated for 2006 & 2007.

## Mounting Public Debt (as %GDP)



## Conclusion: What can Japan's case add to the argument?

- Japan is a case where economic situation of children was already getting bad before the crisis.
- But Japan had very little protection scheme in place (a little bit like Greece??)
- So when the crisis hit, it reacted by placing a liberal (but novice) government in power (a very radical solution!).
- The government tried to implement policies, and it worked somewhat, but at the end, handled badly. (could not expand protection scheme for the weakest while implementing austerity policy)

Lesson? Have to implement policy before things get bad

- Child poverty rate is STILL increasing after the crisis, even tho' many of during-the-crisis policy is still in place. WHY? Patchy policy response not addressing the root of the problem (increase of bad jobs)

## Question to take home

Transmission mechanism : loss of jobs, increase of in-work poverty, policy??のどれか

|                     | Demographic | Loss of jobs | In-work poverty | Policy |
|---------------------|-------------|--------------|-----------------|--------|
| Increase in 2006-08 | ○           | △            | ○               | X      |
| Drop in 2008-11     | ○           | X            | X               | ○      |
| Increase in 2012    | ○           | X            | ○               | △      |

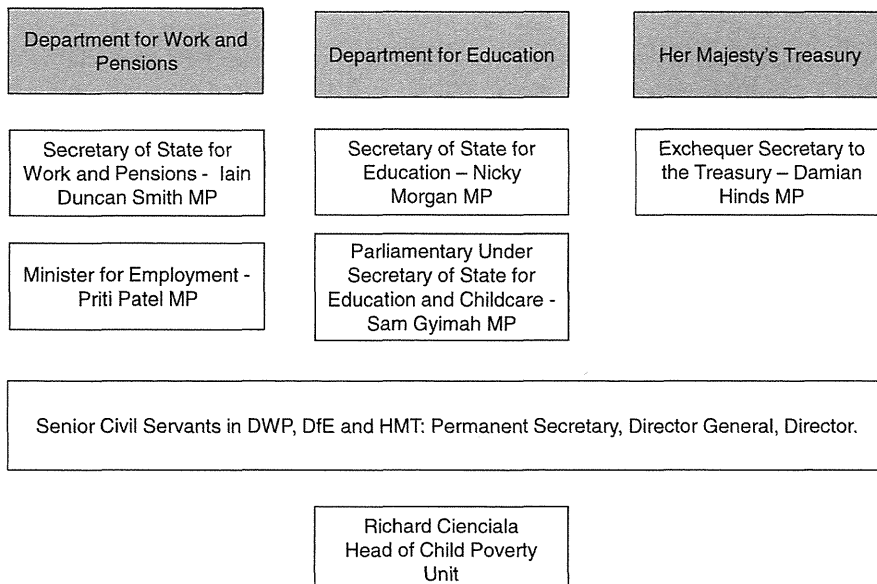
**Presentation for meeting with Prof Aya Abe**  
**Director, Research Centre for Child and Adolescent Poverty**  
**Tokyo Metropolitan University, Japan**

**Wednesday 2nd March 2016**

# **UNDERSTANDING CHILD POVERTY & CHILDREN'S LIFE CHANCES**

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## **CPU: a cross-department unit**



## Understanding Child Poverty & Children's Life Chances

**1: The  
Child  
Poverty Act  
2010**

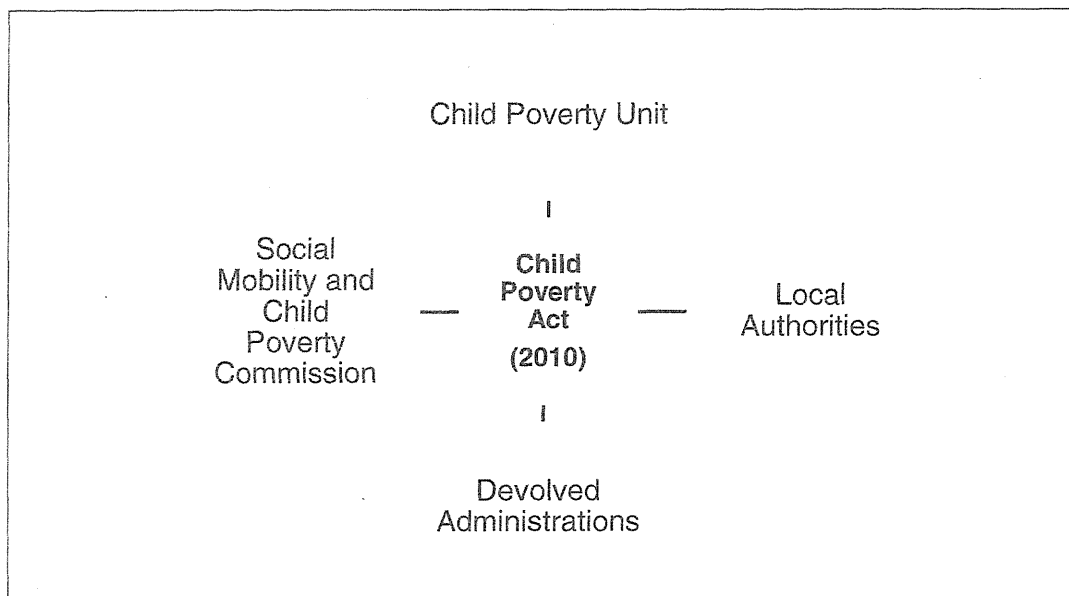
**2: A New  
Approach**

**3: Public  
Attitudes and  
Stakeholders**

### The Child Poverty Act 2010

- In 1999, the Government pledged to eradicate child poverty 'within a generation' and in 2004 set a target to halve child poverty by 2010.
- The Child Poverty Act 2010 came about as a result of Gordon Brown's commitment in 2008 to legislate to "eradicate child poverty in the UK by 2020".
- The Child Poverty Act places a duty on the Government to meet four income-based poverty targets by 2020/21.

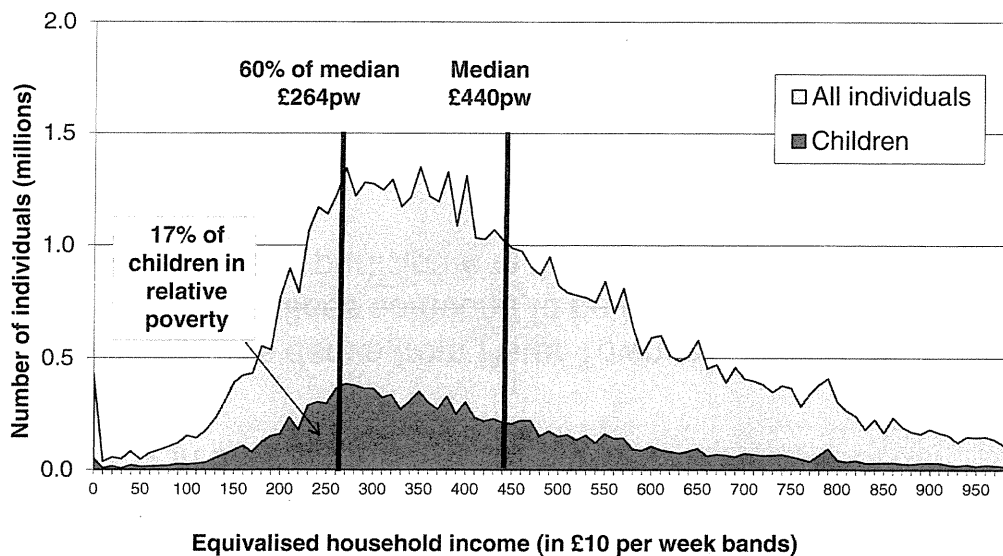
## Key players mentioned in the Child Poverty Act 2010



## How does the Act measure Child Poverty?

| Measure                                      | Definition (all on a 'before housing costs' basis)  | 2020 Target   | Latest data (2013/14)         |
|--|---|---------------|-------------------------------|
| Relative poverty                             | the proportion of children living in households where income is less than 60% of median income  | Less than 10% | 17%                           |
| Absolute poverty                             | the proportion of children living in households where income is less than 60% of median income in 2010/11, adjusted for prices.       | Less than 5%  | 19%                           |
| Combined low income and material deprivation | the proportion of children who experience material deprivation and live in households where income is less than 70% of median income. | Less than 5%  | 13%                           |
| Persistent poverty                           | the proportion of children living in households in relative poverty in at least three out of the four previous years                  | Less than 7%  | 12% (based on 2005-2008 data) |

## How does relative poverty work?



## Why were these measures chosen?

- A set of four child poverty measures was chosen that, collectively, attempted to provide a rounded measure of child poverty in the UK.
- The measures derive from Peter Townsend's 1979 work on poverty that defines someone to be in poverty when they lack the resources to participate in the society they live in.
- In this world view, low income is a fundamental marker of poverty because of the lack of purchasing power it confers.

## Why were these measures chosen?

- Of the set, the relative measure stands as the most commonly referenced. Households are assessed against a low-income poverty threshold set as a fixed proportion of the average household's income. Thus as society gets richer, the poverty threshold is raised in recognition that poverty is considered relative to the living standards of contemporary society.
- The absolute measure takes a similar approach but instead households are assessed against a low-income poverty threshold that is a fixed proportion of the average household's income in 2010, only adjusting over time for inflation. Success against this measure can only be achieved by raising the incomes of the poorest in real terms.

## Why were these measures chosen?

- The low income and material deprivation measure classes households as poor when they have income that is low relative to the average household's income and where the household self-reports they cannot access certain materially important items e.g. an outdoor place to play or a child's warm winter coat. This measure recognises that poverty is about more than low income.
- Persistent poverty is a measure capturing households that have been in relative low income for three out of four consecutive years. This measure recognises that duration of poverty is important and that evidence shows a long spell in low income can be more damaging than a short spell.



## Social Mobility and Child Poverty Commission

- Advisory non-departmental public body established under the Child Poverty Act 2010.
- The Commission comprises 10 unpaid commissioners; supported by a small secretariat; and has its own budget.
- Monitors progress on tackling child poverty and improving social mobility; including monitoring the progress of the implementation of the UK's child poverty strategy, the 2020 child poverty targets, and describing implementation of the Scottish and Welsh strategies.
- Publishes an annual report setting out its views on the progress being made.

## Devolved Administrations and Local Authorities

- Devolved Administrations have been created for Scotland, Northern Ireland, and Wales. Each have their own legislatures: Scottish Assembly; Welsh Assembly; Northern Irish Assembly.
- The Act places a duty on Scottish and Northern Ireland Ministers to publish a child poverty strategy every three years setting out what measures they are taking to contribute to the Secretary of State's duty to meet the targets. They must also publish an annual report.
- There are 152 Local Authorities in England, providing a range of services locally, with responsibility for the economic, social and environmental wellbeing of their respective areas. The Act places a duty on Local Authorities to co-operate to reduce child poverty in their local area, including the preparation of a local child poverty needs assessment and a joint child poverty strategy.

Tackling Child Poverty is important to our Ministers...

“We will focus on making a meaningful change to children’s lives by extending opportunity for all, so that both parents and their children can escape from the cycle of poverty and improve their life chances.”

Iain Duncan Smith  
Secretary of State for Work and Pensions

...but they feel the CPA measures are inadequate.

“If you sit below the line, you are said to be poor. If you sit above it, you are not.

Asking Government to raise everyone above that set percentage led to unintended consequences. Most of all to poorly targeted spending, pumping money into the welfare system, focusing on inputs rather than outcomes.”

Iain Duncan Smith  
Secretary of State for Work and Pensions

## Why does the Government consider the measures inadequate?

- Focus on “symptoms not causes” of poverty.
- Poverty line is arbitrary.
- Child poverty defined as a current issue with no recognition of the need to ensure strong future life chances.
- Income measures drive an approach to tackling poverty that rewards higher welfare spending which can be poorly targeted
- The relative low-income threshold (used in three of the four measures) can lead to poverty rising when the economy crashes.
- Conversely, economic growth or higher wages can lead to rising poverty against the relative poverty measures.

## Understanding Child Poverty & Children’s Life Chances

1: The Child  
Poverty Act  
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2:  
**A new  
approach**

3: Public  
Attitudes and  
Stakeholders

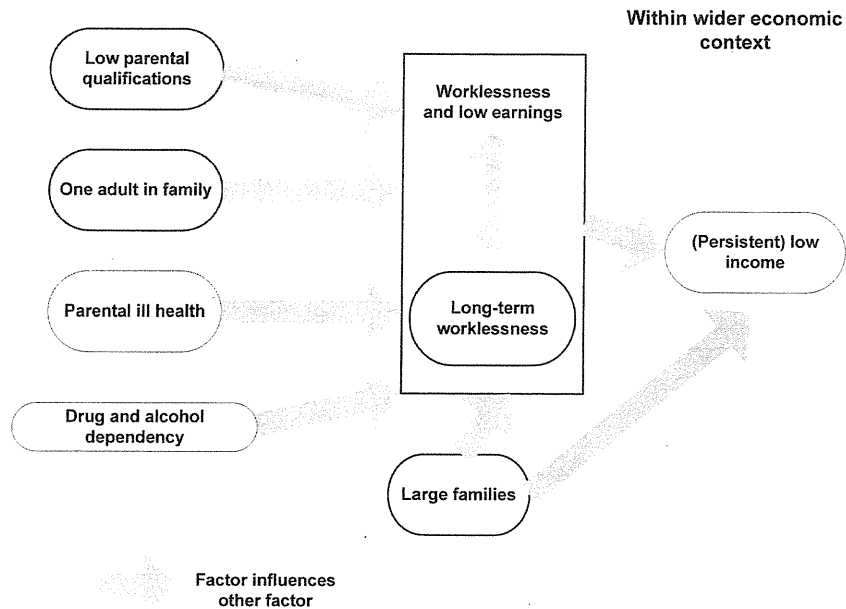
## A new approach to tackling Child Poverty

- On 1 July 2015 the Secretary of State for Work & Pensions made an Oral Statement to the House of Commons reaffirming the Government's commitment to eliminating child poverty.
- In his speech he set out the Government's view on why the current arrangements are failing to tackle the root causes of child poverty.
- He then spelt out a new approach focusing action on the root causes of child poverty and improving children's life chances, to be set out in three clauses of the Welfare Reform and Work Bill.

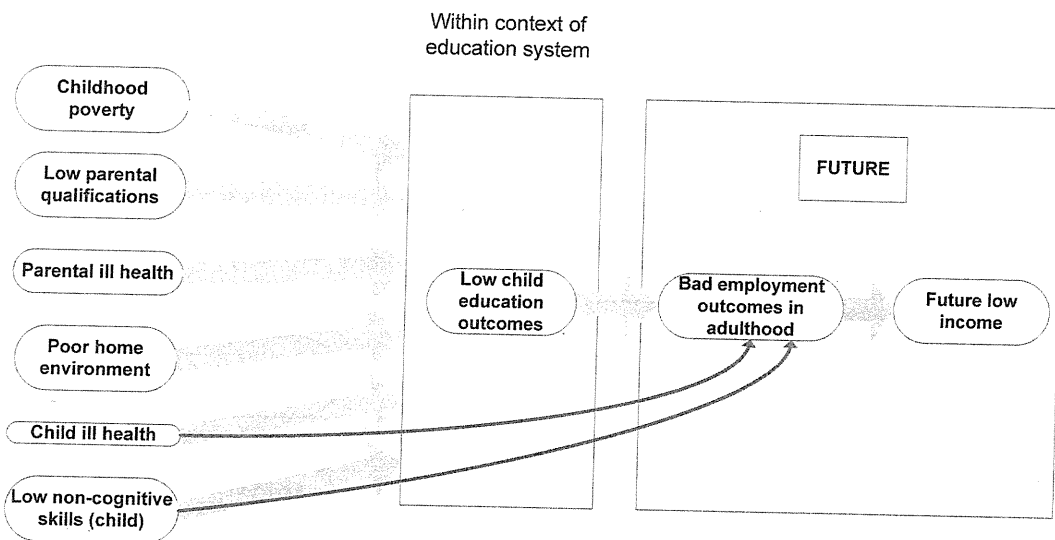
## A new approach to tackling Child Poverty

- The Government's 2014 evidence review demonstrated a wide consensus that work is the best route out of poverty and that good educational attainment is the biggest single factor in ensuring that poor children do not end up as poor adults.
- So the Government are introducing new life chances measures that it argues will drive real action on work and education, to make a difference to children both now and in the future.
- Ministers decided to remove income measures and targets from the Child Poverty Act – are critical of these measures as they believe they lead to unsustainable spending and do not transform lives.
- Ministers want to focus on the root causes of child poverty so Government can focus its efforts on improving children's life chances in a more effective way.

## Why focus on worklessness and education?



## Why focus on worklessness and education?



## NEW APPROACH: Life Chances Measures

- The Welfare Reform and Work (WRAW) Bill sets out four new Life Chances measures.
- Work measures:
  - Data on children in workless households and
  - Data on children in long-term workless households in England.
- Education measures:
  - Educational attainment of all children in England and
  - Educational attainment of disadvantaged children in England at the end of Key Stage 4, expected to be based on pupil level attainment data published by Department for Education.
- We intend to report annually against these new statutory worklessness and educational attainment measures.
- We intend to publish data on the new non-statutory root causes measures annually:
  - entrenched worklessness, family breakdown, problem debt, and drug and alcohol dependency.
- Ministers have additionally agreed, as part of the Bill, to annually publish on a statutory basis, statistics relating to children in low income families.

## A new approach to tackling Child Poverty

- The UK Government is also developing a range of other measures and indicators of root causes of child poverty, setting these out in a Life Chances Strategy.
- The Life Chances Strategy will include policy areas such as family breakdown, problem debt, and drug and alcohol dependency.

## What will change as a result of the WRAW Bill?

- Key changes resulting from the 'Life Chances' clauses:
  - Secretary of State to report annually on measures of children in workless households in England and the educational attainment of children in England at the end of Key Stage 4
  - Reforming the Social Mobility and Child Poverty Commission to become the Social Mobility Commission
  - Repealing the existing duty on the Secretary of State to meet four income-related child poverty targets by the end of the financial year 2020
  - Removing other duties and provisions relating to the Secretary of State
- Until legislation achieves Royal Assent, the current Act and all its duties on Government remain
- Latest position on the Bill: It is nearing the end of its passage through Parliament; a healthy debate amongst Parliamentarians has ensued; the Life Chances measures remain intact.

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## Public attitudes to Child Poverty

- Public concern about poverty has increased since 2010.
- Respondents were most likely to mention poverty as an important issue if from Scotland (35%), Wales (22%), the North (17%) or Greater London (22%).
- Respondents to the issues facing Britain survey were almost twice as likely to mention poverty as an important issue if better off (20% - ABC1) than worse off (11% - C2DE) (IPSOS Mori 2015).
- 6% of respondents thought poverty was the most important issue. By comparison, a poll of American adults by Gallup (2013) found that 5% of respondents thought poverty was the most important issue.
- YouGov 2013: 82% of respondents thought Child Poverty should be a priority for any government to tackle.

IPSOS MORI 2015

## Stakeholders – an overview

- The UK has a child poverty lobby consisting of 100s of campaign groups, charities, think tanks, front-line providers, local authorities, and other groups.
- Key examples include: The Social Mobility and Child Poverty Commission, Child Poverty Action Group, End Child Poverty, The Institute for Fiscal Studies, The Joseph Rowntree Foundation, The Children's Society, The Centre for Social Justice, and others.
- The stakeholders are active in responding to Government consultations: 257 responded to our consultation 2012-13 on measuring child poverty; and over 150 to our consultation on the 2014-17 child poverty strategy.
- The stakeholders run campaigns to direct public opinion and pressurise Government. These campaigns tend to be based on 'killer stats' rather than individual landmark cases (the latter is more often the case with child protection issues in the UK). Key examples include the campaign to extend the 2020 Targets (SMCPC, CPAG, ECP) and to 'Triple Lock' children's benefits (CPAG, ECP).
- Stakeholders' response to the 1 July announcement was mixed.
- A sub-set of stakeholders are closely monitoring the legislation for our new approach; they provide briefings and draft amendments to MPs and Lords to influence the debate.



Contact us

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