

Work and Pensions Select Committee
7 Millbank
London
SW1P 3JA

11TH September 2003

Dear Sir/Madam

Re: Child Poverty Inquiry

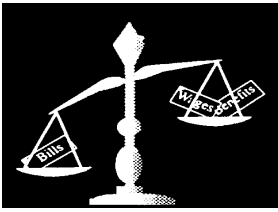
Please find enclosed our evidence for the above Inquiry. As you will see from our evidence, child poverty levels in Northern Ireland are a scandal which is generally not acknowledged. For this reason, we would welcome the opportunity to provide oral evidence to your Committee and to answer any questions from your members.

Thank you for this opportunity to influence policy on addressing child poverty in the UK.

Yours sincerely

Frances Dowds
Development Co-ordinator

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Northern Ireland Anti-Poverty Network

**Submission to the Work & Pensions Committee Inquiry into Child Poverty.
September 2003.**

Northern Ireland Anti Poverty Network

Summary

- I. Northern Ireland has significantly higher levels of children living in poverty than any other region of the UK. Evidence from the region suggests that while progress has been made towards meeting the Government's child poverty targets, further measures are necessary, if they are to be achieved.
- II. Half of all children living below the poverty line in Northern Ireland were living in families where at least one adult was in employment. Low pay and insecure employment weaken families' efforts to escape poverty.
- III. Particular attention needs to be given to a number of pressure points: large families, asylum-seekers and the transition into and out of paid work, including the New Deal.
- IV. The child poverty strategy needs to: balance child tax credits and child benefit; increase help for those in and out of paid work; improve financial support for both children and adults.
- V. There is an urgent need for significant improvements to benefits and the social fund, not just tax credits.
- VI. The Government should increase the involvement of people with experience of living in poverty in policy development.

Evidence from Northern Ireland

Introduction

1. **The Northern Ireland Anti-Poverty Network is a network of organisations and individuals, which seek to promote social justice and combat poverty and social exclusion. It was established in 1991 to create a focus on poverty. The central aim of NIAPN is to work together to end poverty through research, education and campaigning; to strengthen the anti-poverty lobby by building effective relationships with our members and to actively include and consult with people who are them-selves poor or excluded. NIAPN works to develop the capacity of disadvantaged and marginalized communities to consider, discuss and voice their understanding of poverty and to support these communities in developing relationships with key decision makers to influence the creation of effective, resourced and targeted anti-poverty policy.**
 2. **The Government's pledge to eradicate child poverty in two decades and its commitment to interim targets for reducing child poverty by a quarter and by a half have been welcomed by all anti-poverty campaigners. The policies it has introduced have had some impact on the numbers of children in poverty but the Chancellor's announcement of a 'Child Poverty Review', which 'will set out what further action is required to halve child poverty by 2010 and eradicate it by 2020', suggests that the Government itself recognises more needs to be done.ⁱ The Select Committee's inquiry has the potential to contribute important evidence to that Review.**
 3. **This submission does not attempt to address all the issues raised in the Committee's call for evidence. It concentrates on three main areas: the extent and causes of regional variations in child poverty; the particular danger points for Northern Irish families at risk of poverty and the effectiveness of the Government's strategies to reduce child poverty.**
 4. **The Northern Ireland Anti Poverty Network welcomes this opportunity to ensure that the Committee adopts a UK-wide approach to child poverty, as opposed to a Britain-only method. We hope the Committee will invite us to give oral evidence before it as we believe that child poverty levels in Northern Ireland are a skeleton in the cupboard that has been ignored on a national level.**
- 3 The extent and causes of regional variations in child poverty
- 3.1 There is considerable evidence to suggest that Northern Ireland has significantly higher levels of children living in poverty than any other region of the UK. Research carried out for the Office of the First Minister and Deputy First Minister (OFMDFM) found that 38% of children live in households which are in the bottom 30% of household income after housing costs.ⁱⁱ This is not really

comparable with statistics for Britain. There, 35% of children live below 50% of equivalised average household income after housing costs.ⁱⁱⁱ However, by the end of October, there will be comparable statistics available when the Poverty and Social Exclusion Survey for Northern Ireland is published. Initial indications suggest that this survey confirms our worst fears about levels of child poverty and severe child poverty.

- 3.2 Department of Social Development statistics show that 32% of children live in households whose only income derives from benefits^{iv}. This compares with 19% of children in Britain living in families totally dependent on benefits^v. A further 18% of children in Northern Ireland live in households that claim Working Family Tax Credit (WFTC)^{vi}. However, the OFM/DFM research found that half of all children living below the poverty line were living in families where at least one adult was in employment.^{vii} This compares badly with overall UK figures.^{viii}
- 3.3 The causes of the high levels of child poverty in Northern Ireland are complex but inter-related. They are: unemployment, low pay, a higher cost of living and slightly larger families. High levels of unemployment and underemployment remain a problem in Northern Ireland, despite the official figures suggesting an improvement. The Labour Force Survey shows that long term unemployment as a percentage of total unemployed is much worse for NI than any other region of the UK – 43.5% compared to a UK average of 27.5% and 34.2% in the North East of England, which is the next worst.
- 3.4 When the numbers on government training and work schemes, those underemployed and those not registered as unemployed but nonetheless seeking work are taken into account, unemployment rates in parts of Northern Ireland are high. For example, the Centre for Economic and Social Inclusion suggests that real unemployment in the Foyle constituency is closer 24%.^{ix} A recent recruitment campaign in Derry City by Debenhams' department store drew 6,000 applicants for some 200 jobs.^x
- 3.5 Further we know that, within the UK generally, the employment rate for disabled people is significantly below the level for the wider population. There are high rates of disability and long term illness in NI; the 2001 Census revealed that 41% of households have one or more people with a limiting long-term illness or disability.
- 3.6 Households in Northern Ireland earn on average 20% less than those in the rest of the UK^{xi}. Further, NI is promoted to foreign direct investors as a low wage economy. For example, the Invest NI website tells overseas companies that wages are “up to 32% lower than in the US and 25% lower than the EU average”.^{xii} What this means in human terms is that 38% of manual workers and 20% of non-manual workers in NI earn less than £250 a week, or £13,000 a year and one in ten manual workers earns less than £180 a week for an average 42.5 hour week^{xiii}. These figures do not include the poorest of the working poor, however. They

refer only to full-time employees on adult rates. Part-time employees who are often lone parents are not included. Nor are young people under 18 who are not entitled to any minimum wage and those aged 18-21 whose minimum wage rate is set at just £3.60 an hour, although Northern Ireland has a high rate of teenage parenthood.

3.7 21% of average household income is derived from social security benefits, compared to 12% in the UK generally. As a result of lower wages and greater dependence on benefits, average household income is 22% lower than the UK average. At the same time, providing necessities such as fuel, light and food costs everyone more - 26% of average household income in NI compared to a UK average of 20%.^{xiv}

3.8 While the fertility rate in NI has dropped considerably in recent years and now stands at 1.9, the region continues to have a higher proportion of children in its population than any other part of the UK, with 36.5% of all households containing dependent children^{xv}

4 Northern Irish families at particular risk of poverty

4.1 Within the overall statistics, there are some groups of children in Northern Ireland who are at particular risk of poverty. These include children in large families, children of asylum seekers and children whose families are moving in and out of work and the benefits system.

4.2 Larger families are at disproportionate risk of poverty. The DWP estimates that 'by 2004 over half of those children in low income will be in large families'.^{xvi} Recent research published by the DWP found that 'greater hardship was associated with families of three or more children... Couple families with three children were twice as likely to be in hardship compared to families of two children, although the degree of hardship was concentrated at the moderate level. Severe hardship (three or more problems) was substantially greater for families of four or more children'.^{xvii} This applied to both lone and two parent families. A study by the Centre for Research in Social Policy, carried out for Save the Children, found that children in families with three or more children were more likely to be in severe and persistent poverty.^{xviii} Over a quarter of all families in Northern Ireland have three or more children.^{xix}

4.3 Although the analysis suggested that family size was not the cause of that poverty, the CRSP researchers point out that the structure of benefits for children in the UK disadvantages larger families. The child benefit differential in favour of the first child has been increased significantly under the present Government. The Northern Ireland Anti Poverty Network would argue that the current structural bias in favour of smaller families contributes to high levels of child poverty in this region.

4.4 We do not have figures about the number of child asylum-seekers or children of asylum-seekers born in Northern Ireland. However, we are clear that attention needs to be given to the position of child asylum-seekers. The fact that they are not included in the poverty statistics does not mean that they should be excluded from the commitment to tackle child poverty. Policies to combat child poverty must be inclusive of all groups of children resident in the country.

4.5 Although movement into paid work (supplemented by tax credits) is usually associated with an improvement in income and living standards, this is not necessarily the case – especially when work is short-term or insecure. A number of policy changes have been introduced to ease the transition from benefits into paid work. However, these changes may not be sufficient to overcome the problems revealed by recent research. Two studies highlight how the transition into and out of paid work can represent pressure points for families struggling to stay out of severe poverty.

4.6 A study by the National Centre for Social Research for the DWP found that a combination of low pay, higher costs (especially childcare) and debts meant that some households described themselves as worse off after a move into paid work. Money management was more difficult than when on benefit. Although ‘some “worse off” families were determined to remain in work and off benefits, others found that the impact of being worse off financially, and psychologically too, became too much over time. Ultimately some households felt forced to leave their jobs and return to benefits as they saw this as being the better option’.^{xx}

4.7 One of the most significant findings of the CRSP study for Save the Children, mentioned earlier, was that persistent and severe child poverty was associated with income volatility, measured as two or more transitions between benefit income and work or other income as the main source of income. ‘Children whose households underwent two or more such transitions were much more likely to be in persistent and severe poverty than children who did not experience these transitions’.^{xxi} In Northern Ireland, DETI-NI figures show that there is considerable ‘recycling’ of claimants in and out of work. So, in 1999, 33% of unemployed claimants in NI who had left the live register had experienced a further spell of unemployment within six months. A further 11% returned to benefits after 6-12 months^{xxii}. This may well be contributing to the high levels of deep child poverty in the region. However, more research is needed to confirm this.

5 Proposals to help meet child poverty targets

5.1 There has been real progress in the reduction of child poverty since the Government came to power but more needs to be done, if that progress is to be maintained and targets are to be met.

Child benefit and child tax credit

5.2 The Government has adopted a principle of 'progressive universalism', which means 'supporting all families with children, but offering the greatest help to those who need it most through a light touch income test'.^{xxiii} There have been calls for a further increase in the child tax credit (CTC) in order to meet the 2004 PSA target. Such an increase is needed but it should be complemented by an increase in the real value of child benefit, if the commitment to universalism is to be maintained.

5.3 The administrative problems associated with the introduction of the new tax credits system underline the importance of a benefit that is reliable and cheap to administer. Families living in poverty are driven into severe poverty by the kind of delays that we have seen with the CTC system. It is difficult for those who are used to having disposable income available to understand the crisis that even a day's delay in the arrival of benefits can cause to families living in poverty.

5.4 Although the acceptance of the case that benefits for children are best paid to the caring parent is very welcome, a caring parent's entitlement to CTC is still affected by a partner's income. Where income is not shared fairly in the family, this could still mean that some mothers are not getting the money they need. Child benefit has the double advantage of being paid directly to the caring parent and of being of equal value to children in families in or out of paid work.

5.5 In its 1999 report on *Child Benefit*, the Social Security Committee endorsed child benefit's multi-purpose role and welcomed the Government's commitment to its continuation as 'the foundation for the future support for children'.^{xxiv} That foundation must be built upon and child benefit must not be frozen in real terms while CTC grows in value. It would therefore be very helpful if the Committee could reiterate its support for child benefit as a key element in the strategy to end child poverty.

Transitions between work and benefits

5.6 'Work not welfare' has been the central plank of the Government's child poverty strategy. The increase in employment has contributed to the reduction in child poverty in most of the UK. However, continuing high levels of unemployment in Northern Ireland undermine the government's policies here. Further, the particularly low level of wages in the region makes it even more difficult for families, particularly lone parent families, to pull themselves out of poverty. So, there continues to be a real problem of poverty among those in paid work, which tax credits are only partially

addressing. As End Child Poverty and the Work Foundation have argued, more attention needs to be given to what happens to people once they have made the move from benefits into paid work in order to ensure that they do not get trapped in low-paid work subsidised by tax-credits.^{xxv}

- 5.7 Given what the CRSP research for Save the Children tells us about the dangers of children falling into severe poverty during transitions, there is a clear need for policy to provide greater protection during periods of transition between benefits and paid work and vice versa. Given that parents, including lone parents, are being encouraged to enter the 'flexible labour market', the benefits system must also become more flexible and cushion families from the effect of these transitions.
- 5.8 Despite an initial antipathy to improving out-of-work benefits, the Government has increased the real value of the children's income support and income-based jobseeker's allowance rates so that, for younger children, they have virtually doubled in real terms over the lifetime of the Government. This is very welcome. The panel study conducted for the DWP by the Policy Studies Institute, which found a big reduction in the incidence of severe hardship among non-working families and their children, confirms that it makes sense to improve out-of-work benefits for children.^{xxvi}
- 5.9 Nevertheless there remains a significant proportion of families with children experiencing moderate or severe hardship; indeed the increase in the proportion experiencing moderate hardship suggests that many of those no longer experiencing severe hardship continue to experience real difficulties. NIAPN suggests that further improvements in benefit levels are urgently needed.
- 5.10 Concerns that improvements in out-of-work benefits will adversely affect work incentives need to be weighed against the evidence that the greater the hardship, the lower morale and self-confidence are likely to be, to the detriment of job-seeking.^{xxvii} Getting by on inadequate benefits involves hard work that can sap the energy needed to seek ways out of poverty. Adequate benefits are necessary to support all parents in their struggle to get by and bring up their children.
- 5.11 The ill health experienced by many parents and children in families on benefit can act as a barrier to movement into paid work.^{xxviii} It is insulting to lone parents and to parents trying to do their best by severely disabled children or family members to suggest that they should be 'pro-active' about finding work when they are already working long hours as unpaid carers.
- 5.12 Urgent reform of the Social Fund is also necessary as part of the child poverty strategy.^{xxix} £34.05 million was repaid to the Social Fund in the year 2000-01 by benefit claimants in Northern Ireland alone. It is already

two years since the Committee reached its verdict that the inadequacies of the Social Fund were undermining the Government's child poverty strategy and indeed that they were exacerbating the poverty experienced by families with children. It declared this 'unacceptable'.^{xxx} The position continues to be unacceptable.

5.13 There needs to be sensitivity to the tensions that the emphasis on paid work can create for lone mothers in particular^{xxxii}. Parents are blamed for 'out-of-control' young people, yet there is no out-of-school provision to ensure supervision even for disabled 12-16 year olds.

Benefit levels must be increased for all

5.14 Although there has been a significant real increase in out-of-work benefits for children, particularly younger children, there has been no real increase in the standard adult rates. While it made sense to prioritise the children's rates, which research had shown were particularly low relative to needs, the impact of these increases on improving children's lives is questionable. A qualitative study carried out for the DWP into how low-income families with children spend an increase in household income decided to exclude households who remained on benefit because those in the pilot 'found it hard to perceive any increase'.^{xxxiii} Some of these families contained under-11 year old children and therefore will have benefited from the significant phased improvement in these rates. However, a significant real increase in what was a very low amount to start with may not always make sufficient difference to the finances of hard-pressed families. Parents will judge the amount of benefit on the total amount they receive, not the amount provided for each family member. For the increase in the total amount to make a real perceptible difference to the recipient may require an increase in the adult as well as the children's rates.

6 People living in poverty are the experts

6.1 Finally, the debate about the future direction of anti-poverty policy needs to include those most affected. The voices of those living in poverty can help to bring the debate alive to the wider population. Northern Ireland Anti Poverty Network members have called for the development of alternative models of democracy and for participation of disadvantaged communities and groups in the creation of a democratic process reformulating and influencing policy.

ⁱ HM Treasury Press Release (82/03), 7 July 2003.

ⁱⁱ E. McLaughlin and T. Dignam (2002) *Poverty in Northern Ireland*, report to the OFMDFM

ⁱⁱⁱ DSS (2000), *Households Below Average Income: 1994/5 to 1998/9*, Government Statistical Survey

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- ^{iv} Dept. for Social Development (2002), *Northern Ireland Client Group Analysis: Persons of working age and their children and persons of pensionable age receiving key benefits in May 2001*, Belfast
- ^v DWP (2002), *Client Group Analysis: Quarterly Bulletin on Families with Children on Key Benefits, November 2001*, London
- ^{vi} Dept. for Social Development (2002), *op.cit*
- ^{vii} See note 1 above
- ^{viii} CPAG (2002), *Poverty: the facts*, London
- ^{ix} Centre for Economic and Social Inclusion (formerly Unemployment Unit), *Unemployment in Parliamentary Constituencies*, Feb. 2003
- ^x Derry Journal, 1st July 2003
- ^{xi} (HMSO, 2000), *Regional Trends*
- ^{xii} <http://www.investni.com/invest/WhyNI/people.asp>
- ^{xiii} Office of National Statistics (2003), *New Earnings Survey 2002*
- ^{xiv} NISRA (2000), *NI Family Expenditure Survey Report for 1998/99*.
- ^{xv} NISRA (2003), *Census 2001: Key Statistics, Table KS21*
- ^{xvi} DWP (2003) *Opportunity for All 2002*, London, p.18.
- ^{xvii} S. Vegeris and J. Perry (2003), *Families and Children 2001: Living standards and the children*, DWP Research Report 190, p.93.
- ^{xviii} Laura Adelman, Sue Middleton, Karl Ashworth (2003), *Britain's Poorest Children: Severe and persistent poverty and social exclusion*, Save the Children, London.
- ^{xix} NISRA (2003), *Census 2001, Key Statistics, Table S007*
- ^{xx} C. Farrell and W. O'Connor (2003), *Low Income Families and Household Spending*, DWP Research Report 192, p.36.
- ^{xxi} Adelman *et al.*, *op.cit.*
- ^{xxii} Dept. of Education and Learning (2001), *Labour Market Bulletin, No. 15, Nov.2001*
- ^{xxiii} HM Treasury (2002), *The Modernisation of Britain's Tax and Benefits System*, para. 2.11.
- ^{xxiv} Fourth Report of the Social Security Committee, *Child Benefit*, HC114, 1999, para. 12.
- ^{xxv} T Blackwell (2003), *Work and Child Poverty Briefing Paper*, End Child Poverty Coalition and The Work Foundation.
- ^{xxvi} Vegeris and Perry, *op.cit.*
- ^{xxvii} See, for instance, A. Marsh (2001), 'Helping British lone parents get and keep paid work' in J. Millar and K. Rowlingson (eds) *Lone Parents, Employment and Social Policy*, Policy Press; A. Marsh and K. Rowlingson (2002), *Low and Moderate Income Families in Britain: Changes in 1999 and 2000*, DWP Research Report No 165.
- ^{xxviii} See, for instance, Marsh, *op. cit.*; D. Kasparova et al.(2003), *Families and Children 2001: Work and childcare*, DWP Research Report 191.
- ^{xxix} See M. Howard (2002), *Lump Sums. Roles for the social fund in ending child poverty*, National Council for One Parent Families/CPAG/FWA,
- ^{xxx} Third Report of the Social Security Committee on *The Social Fund*, HC 232, Stationery Office, 2001, para.124).
- ^{xxxi} K. Standing (1999), 'Lone mothers and parental involvement', *Journal of Social Policy* 28(3), 479-495.
- ^{xxxii} Farrell and O'Connor, *op. cit.*, p.1.