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All Party Parliamentary Group on Health in All Policies

Inquiry:

# **Child Poverty and Health**



the Impact  
of the Welfare Reform  
and Work Bill 2015-16

The APPG would like to thank those expert witnesses who provided evidence to the inquiry orally and in writing:

**Submissions of oral evidence** - Available online at <http://bit.ly/1QEh0Wb>

1. Alison Garnham, Chief Executive, Child Poverty Action Group
2. Josephine Tucker, Senior Policy and Research Officer, Child Poverty Action Group
3. Dr Kitty Stewart, London School of Economics: Research Associate, Centre for Analysis and Social Exclusion (CASE); Associate Professor, Department of Social Policy
4. Dr David Taylor-Robinson, Senior Clinical Lecturer in Public Health, Institute of Psychology, Health and Society, University of Liverpool
5. Dr Benjamin Barr, NIHR Research Fellow, Institute of Psychology, Health and Society, University of Liverpool
6. Dr Ingrid Wolfe, Consultant in Children's Public Health Medicine and Director of the Evelina London Child Health Partnership

**Submissions of written evidence** - Available Online at <http://bit.ly/1QEh0Wb>

1. Abdul Razzaq, Director of Public Health, Trafford Council
2. Action for Children
3. Aneurin Bevan University Health Board Directors of Public Health
4. Barnardo's
5. Child Poverty Action Group
6. Children's Society – formal resubmission to the inquiry of evidence presented in September 2015 to the Public Bill Committee on the Welfare Reform and Work Bill
7. Department for Education
8. Equality and Human Rights Commission – formal resubmission to the inquiry of evidence presented in October 2015 to the Public Bill Committee on the Welfare Reform and Work Bill
9. MENCAP, Halving The Gap? A review by Lord Low of Dalston CBE, Baroness Meacher and Baroness Grey-Thompson DBE, into the Government's proposed reduction to Employment and Support Allowance and its impact on halving the disability employment gap
10. Scottish Directors of Public Health and NHS Health Scotland
11. Sharon Hopkins, Executive Director of Public Health, Cardiff and Vale University Health Board
12. St Mungo's – formal resubmission to the inquiry of evidence presented in September 2015 to the Public Bill Committee on the Welfare Reform and Work Bill
13. Royal College of Paediatrics and Child Health
14. University of Durham, Centre for Health and Inequalities Research
15. University of Liverpool, Institute of Psychology, Health and Society
16. University of York

The All Party Parliamentary Group on Health in All Policies invited the Department for Work and Pensions and Department of Health to submit both written and oral evidence to the inquiry, but they declined to accept this invitation. The All Party Parliamentary Group on Health in All Policies welcomes engagement with and across Government departments.

### **APPG Members who have participated in this Inquiry**

- Debbie Abrahams MP, Chair of the All Party Parliamentary Group on Health in All Policies, Shadow Minister for Disabled People
- The Lord Low of Dalston CBE
- Liz McInnes MP, Shadow Minister for Communities and Local Government
- The Lord Rea
- Dr Philippa Whitford MP, Shadow SNP Westminster Group Leader (Health)

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- Kari Mawhood, Senior Parliamentary Assistant to Debbie Abrahams, Member of Parliament for Oldham East and Saddleworth & Shadow Minister for Disabled People

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## **All Party Parliamentary Group on Health in All Policies**

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**Inquiry: Child Poverty and Health – the Impact of the Welfare Reform and Work Bill 2015-16**

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## About the All Party Parliamentary Group on Health in All Policies

1. The All Party Parliamentary Group (APPG) on Health in all Policies was set up to explore consideration of the effects of all national public policy on the health of the populations of the UK – particularly on health inequalities between different population groups. It aims to provide a discussion forum for all parliamentarians and to act as a source of well-evidenced and independent information on key social, health and public health issues.<sup>1</sup>
2. The APPG on Health in all Policies is chaired by Debbie Abrahams MP, Shadow Minister for Disabilities.

## About the inquiry

3. The APPG on Health in all Policies launched this inquiry into the impact of the Welfare Reform and Work Bill 2015-2016<sup>2</sup> on child poverty, and health and wellbeing (including inequalities) in December 2015. The Bill is currently being debated in parliament.
4. The inquiry issued an open call for evidence between December 2015 and January 2016.<sup>3</sup> The call for evidence was placed on the APPG page of the website of the Faculty of Public Health and was circulated to statutory agencies, non-governmental organisations, professional bodies and relevant experts in the field of child health, public health and health inequalities.
5. In addition to written submissions, the APPG also invited oral evidence from the Department of Work and Pensions, The Department of Education and the Department of Health. Oral evidence was taken from a range of organisations including the Child Poverty Action Group, The Royal College of Paediatrics and Child Health, London School of Economics and the University of Liverpool.
6. The APPG also considered other relevant information and papers including submissions to the Welfare Reform and Work Bill 2015-16 Public Bill Committee. The Department for Work and Pensions, Department of Health and Department for Education were also invited to provide written and oral evidence. However, no department was able to provide evidence to the inquiry.

## Call for evidence

7. The APPG call for evidence sought responses to two key steering questions:
  - a. In your view, what is the relationship between child poverty and child health, including inequalities?
  - b. If carried through, what will be the impact of the welfare reforms on:
    - Levels of child poverty in England (and inequalities)
    - Children's health and wellbeing (including mental health and wellbeing)

<sup>1</sup> UK Faculty of Public Health, About the APPG on Health in All Policies, <http://bit.ly/1gCY8K3>

<sup>2</sup> House of Commons, Welfare Reform and Work Bill 2015-2016, <http://bit.ly/1UU4i8o>

<sup>3</sup> APPG on Health in All Policies, Call for Written Evidence Submissions, December 2015, <http://bit.ly/1nP7hTp>

- The future life chances of children

8. The APPG also welcomed evidence submissions which considered particular elements of the reform including:

- Measurement and reporting of child poverty
- The benefits cap
- The Child Benefit cap
- Impact on vulnerable groups
- Social housing
- What, if any, mitigation the introduction of the new National Living Wage offered

## About this APPG Report

### The Welfare Reform and Work Bill 2015-2016

9. In the Summer Budget on 8 July 2015, the Chancellor set out a number of measures relating to the reform of the welfare system. The overriding aim behind these proposals, the Chancellor said, is “to make it fairer for taxpayers who pay for it, while continuing to support the most vulnerable”. As well as measures to encourage full employment, the changes to welfare also form part of the Government’s deficit reduction strategy, contributing to an estimated saving of £12billion by 2019-2020.<sup>4</sup>

### Changes to the Welfare System

10. The Welfare Reform and Work Bill 2015-2016 (‘the Bill’) will introduce a number of changes to the welfare benefits system including:

- Reducing the benefit cap, with a higher rate for Greater London (£20,000 for rest of UK, £23,000 for London)
- Freezing certain benefits for four years
- Limiting the amount of support provided by the child tax credit and to the child element of the universal tax credit (from April 2017 for new claimants payment will be made for the first two children only, and at the same benefit rate)
- Removing the work-related activity component in the employment and support allowance
- Changes to conditionality for responsible carers in universal credit
- Replacing current mortgage interest payment support with loans for mortgage interest
- Reducing social housing rents by 1% each year for four years starting from 2016-17<sup>5</sup>

<sup>4</sup> HM Treasury, Summer Budget 2015: Key announcements, July 2015, <http://bit.ly/1TI9650>

<sup>5</sup> House of Commons, Welfare Reform and Work Bill 2015-15, July 2015, <http://bit.ly/20zFesR>

## Child Poverty Act 2010

11. The Child Poverty Act 2010 stated as its purpose “[to] define success in eradicating child poverty and create a framework to monitor progress at a national and local level.”<sup>6</sup> It enshrined in legislation the target of eradicating child poverty by 2020.<sup>7</sup>
12. The Child Poverty Act 2010 also placed a statutory duty on the Secretary of State to meet those targets in that year (and every year thereafter).<sup>8</sup> It also included a further duty on the Secretary of State to publish a child poverty strategy triennially.
13. In the Conservative Manifesto 2015, a commitment to “work to eliminate child poverty and introduce better measures to drive real change in children’s lives by recognising the root causes of poverty: entrenched worklessness, family breakdown, problem debt, and drug and alcohol dependency” was included.<sup>9</sup>
14. The Welfare Reform and Work Bill will repeal most of the *Child Poverty Act 2010*, amending it to become the ‘Life Chances Act’. It will remove all statutory child poverty targets, including income-based measures (relative, absolute, persistent and combined low income and material deprivation) and replace them with new measures relating to children’s ‘life chances’. These new measures, which the Secretary of State will have a duty to report on annually, include measures of children in workless households and educational attainment of children in England at the end of Key Stage 4.<sup>10</sup>
15. The Bill will remove those duties placed on local authorities under the 2010 act to co-operate to reduce child poverty in their local area, publish an assessment of the needs of children living in poverty in their area and prepare a joint child poverty strategy.
16. The Social Mobility and Child Poverty Commission, established by the Child Poverty Act 2010, will be reformed as the Social Mobility Commission. Its remit will be to promote social mobility in England, advise when requested the Government on how to improve social mobility and to report on progress made towards improving social mobility in the UK as a whole.<sup>11</sup>
17. The Bill also creates a number of statutory duties for the Government to report on:
  - Progress towards its commitment to achieving full employment
  - Progress on meeting target of creating three million new apprenticeships
  - Progress on the Troubled Families Programme

<sup>6</sup> National Archives, Child Poverty Act 2010, Explanatory Notes, Paragraph 6, <http://bit.ly/1UZ79uY>

<sup>7</sup> House of Commons Library, Child Poverty Act: a short guide. July 2014, <http://bit.ly/1PPhndg>

<sup>8</sup> National Archives, Child Poverty Act 2010, Part 1, Strategies: duties of Secretary of State. <http://bit.ly/1AeyVJF>

<sup>9</sup> Conservatives, 2015 Conservative Party Manifesto, April 2015, <http://bit.ly/1aNP2qE>

<sup>10</sup> House of Commons, Welfare Reform and Work Bill 2015-16, July 2015, <http://bit.ly/20zFesR>

<sup>11</sup> House of Commons, Welfare Reform and Work Bill 2015-16, Clause 5, Social Mobility Commission, <http://bit.ly/1mkat8j>

## Impact assessment of the Bill

18. Whilst at time of writing seven impact assessments for specific elements of the Bill have been published by the Department for Work and Pensions, including assessments on the impact of the benefit cap, removal of the ESA work-related activity component, the benefit rate freeze and changes to the child element and family element of tax credits and universal credit, no assessment of the impact of the Bill as a whole, or on its cumulative impact, has been made.<sup>12</sup> A Human Rights Memorandum has also been published.<sup>13</sup>
19. The Equality and Human Rights Commission (EHRC) has made clear that impact assessments need to include sufficient detail and analysis to demonstrate that draft proposals have been adequately considered for their potential impact on equality.<sup>14</sup> However, this inquiry notes with serious concern that the EHRC has written to the Public Bill Committee expressing concern that neither the Impact Assessments nor the Human Rights Memorandum accompanying the Bill “examine equality impact in the depth required by section 149 of the Equality Act 2010...and are therefore unlikely to help Parliamentarians fully understand and debate the different provisions contained within the Bill.”
20. Section 149 of the Equality Act 2010 requires those carrying out public functions, including Government departments and Ministers of the Crown, to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. This is an ongoing duty which applies throughout the policy-making process, from the development of options and draft proposals through to legislation and implementation.<sup>15</sup>
21. In particular, the EHRC has raised serious concerns in relation to the impact of the Welfare Reform and Work Bill 2015-16, as proposed by the Department for Work and Pensions, in relation to compliance with and full realisation of the UK’s obligations in international law under the:
  - UN Convention on the Rights of the Child;
  - UN International Covenant on Economic, Social and Cultural Rights;
  - UN Convention on the Elimination of Discrimination against Women;
  - UN Convention on the Rights of People with Disabilities, and;
  - The UK’s reporting obligations under the UN Committees on the Rights of the Child and on Economic, Social and Cultural Rights (CESCR)<sup>16</sup>
22. This inquiry notes that the EHRC has offered concrete solutions and asked the Secretary of State what opportunities there may be for the EHRC to work more closely with the DWP to ensure that the impact assessments that accompany the Bill are sufficient to address the issues identified and to support the proper scrutiny of the Bill.<sup>17</sup>

<sup>12</sup> Department for Work and Pensions, Welfare Reform and Work Bill 2015-16, Bill Documents, Impact Assessments, <http://bit.ly/1UU4i8o>

<sup>13</sup> Department for Work and Pensions, Memorandum to the Joint Committee on Human Rights about the Welfare Reform and Work Bill, September 2015, <http://bit.ly/1OKkcvl>

<sup>14</sup> Equality and Human Rights Commission, Written evidence submitted by the Equality and Human Rights Commission (WRW 85) to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1Vk9GQJ>

<sup>15</sup> National Archives, Equality Act 2010, Chapter 1, Section 149: Public Sector Equality Duty, <http://bit.ly/1JMUT09>

<sup>16</sup> Equality and Human Rights Commission, Written evidence submitted by the Equality and Human Rights Commission (WRW 85) to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1Vk9GQJ>

<sup>17</sup> Equality and Human Rights Commission, Letter to the Secretary of State for Work and Pensions, September 2015, <http://bit.ly/1TKDYhe>



23. However, we further note with serious concern that the Secretary of State, in his response to the EHRC's important offer of support, has stated that: "the Impact Assessments published by the Department on 20<sup>th</sup> July use the most robust analysis available to give a good assessment of both the rationale for and the impacts of the reforms contained in the provisions of the Welfare Reform and Work Bill."<sup>18</sup>
24. In view of the evidence submitted to this inquiry and the expert advice of the EHRC, the APPG does not accept the Secretary of State's contention that the Impact Assessments are based on the most robust analysis.
25. The APPG therefore urges the Secretary of State to reconsider the EHRC's offer of expert support, and to take appropriate action to ensure that the Welfare Reform and Work Bill does not limit Parliamentarians' ability to consider alternative options and mitigation where required. We urge the Secretary of State to ensure that the Bill is fully compliant with the Government's duties as set out within Section 149 of the Equality Act 2010, and the UK's obligations in international law.
26. The APPG further urges the Secretary of State to undertake a full, comprehensive and evidence based impact assessment of the cumulative impact of the Bill on child poverty, child health and inequalities.

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<sup>18</sup> Department for Work and Pensions, Letter from the Secretary of State for Work and Pensions to the Equality and Human Rights Commission, October 2015, <http://bit.ly/1STwill>

## Foreword by Debbie Abrahams MP, Chair of the All Party Parliamentary Group on Health in All Policies

The Government has an ambitious deficit reduction plan. Many would agree that for the sake of all our citizens, we must have a successful and prosperous economy, where people are supported and enabled to achieve a healthy and fulfilling life, including through paid employment that provides them with sufficient income to provide for themselves and their families. However, there are concerns that the quest for a sustainable recovery is being built on the backs of the poor and vulnerable, widening existing socioeconomic inequalities.

As evidence from the International Monetary Fund<sup>19</sup> has shown: inequalities slows growth. Increasing the income share of the richest 20% by 1% decreases it by 0.08%, whereas raising the income share of the poorest 20% of the population increases growth by as much as 0.38% over five years. But as the Institute of Fiscal Studies has revealed, this has been the experience over the last 5 years; working people on low incomes, particularly families with children, have lost proportionately more of their income than any other group since 2010 as a result of tax and benefit changes<sup>20</sup>.

And a key concern is that these widening inequalities will become intergenerational. But as we also know from other international evidence<sup>21</sup>, more equal societies, where the gaps between rich and poor are narrow, are better for all of us, including greater social mobility, increased levels of trust, less crime and longer life expectancy. It has also been shown that as most inequalities are socially reproduced, for example, as a result of the national policies that are implemented, they are not inevitable.

It is with this context that the APPG for Health in all Policies (HiaP) decided to undertake an inquiry on the effects of the 2015-16 Welfare Reform and Work Bill on child poverty, child health and inequality. In July 2015 the Government introduced some of the most fundamental reforms to how it will respond to and tackle child poverty in the UK. *The Welfare Reform and Work Bill 2015* abolishes the target of eradicating child poverty by 2020, and abolishes the need for either national or local strategies to achieve this aspirational aim. Furthermore, it also introduces measures that have the real potential to make invisible the true scale of child poverty and inequality in this country, in years to come.

Evidence submitted to our Inquiry showed clearly that the measures the Bill proposes to implement could lead to an increase in the numbers of children facing the misery and hardship of poverty by as many as 1.5million by 2020/21, according to some estimates. The implications for these children's future health and wellbeing is clearly set out in our report. As one of the witnesses to the Inquiry described it, "we are facing a child poverty crisis".

Having made real progress in reducing child poverty in the UK, it is imperative that we continue to invest in our children, and protect and support the most vulnerable in our society, including through

<sup>19</sup> International Monetary Fund, Causes and Consequences of Income Inequality : A Global Perspective, June 2015, <http://bit.ly/1WbWDCc>

<sup>20</sup> Coalition Economics, The Coalition's Record on Poverty and Inequality, March 2015, <http://bit.ly/1RgfBaB>


<sup>21</sup> Wilkinson, R & Pickett, K (2009) *The Spirit Level: Why more equal societies almost always do better*. Penguin Books: England

ensuring that our social security safety net provides a sufficient level of support to meet people's needs.

It is clear, from the compelling evidence presented to the Inquiry, to submissions to the Public Bill committee and commentary elsewhere that there is a very real danger that our recent, progressive policies to eliminate the anachronism of child poverty will go into reverse. With no requirement for child poverty strategies at local or national level, or for it to be measured against one of the most important indicators of poverty – income – we are in danger of failing our children when they need the greatest support.

As one of our witnesses so eloquently and so devastatingly put in their evidence to the Inquiry, "It baffles me; if poverty was an environmental pollutant that had such a toxic effect on children and their life chances, how we're able to let something like this wash over such huge chunks of the population knowing what impact it's going to have on children's lives."

The recommendations in this report set out those measures we believe are critical to stemming the tide.

A handwritten signature in black ink that reads "Debbie Abrahams". The signature is written in a cursive, flowing style.

**Debbie Abrahams MP**

**Chair, All Party Parliamentary Group on Health in All Policies**

**Shadow Minister for Disabled People**

## **Executive Summary**

### **Chapter One: The relationship between child poverty, child health and inequalities**

Increased levels of child poverty have a direct causal impact on worsening children's social, emotional and cognitive outcomes.

Eliminating UK child poverty would save the lives of 1,400 children under 15 annually.

Maternal depression is a significant risk factor for poor child social and emotional development, and evidence links poverty, particularly debt, with sleep deprivation and depression in new mothers.

Good early development is strongly associated with many positive outcomes in later life, including higher educational attainment and improved employment prospects in adulthood.

### **Chapter Two: Measuring child poverty**

Clauses 1-6 of the Welfare Reform and Work Bill propose to abandon the current statutory mechanism for tackling child poverty contained in the Child Poverty Act 2010 and place greater emphasis on worklessness and low educational attainment.

It is the Government's premise that "income through benefits maintains people on a low income, whereas income gained through work can transform lives."<sup>22</sup> However, the APPG is concerned that the Government, by focusing only on workless households, will miss the substantial number of children in poverty that live in working households.

The APPG is also concerned that no impact assessment of this shift of emphasis has been undertaken. APPG believes that worklessness is not a better measure of poverty than low income. Furthermore, if the central issue of low income is not addressed, the current and future health, wellbeing and life-chances of children in poverty will be seriously affected.

APPG recommendations therefore include the retention of the existing measures of child poverty and a statutory requirement to have a full assessment of the impact of the Chancellor's annual budget statement on child poverty.

### **Chapter Three: The benefits cap, four year benefits freeze and changes to the Universal Credit Work Allowance**

Clauses 7-9 of the Welfare Reform and Work Bill would lower the current benefit cap and remove the requirement to link it to average earnings. It would also impose a four-year freeze on benefits.

The APPG is concerned that the combined effect of these proposals would significantly reduce the income of thousands of already struggling families, particularly those with a single parent. This would

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<sup>22</sup> Department of Work and Pensions, Speech by the Rt Hon Ian Duncan Smith MP, December 2011, available at: <http://bit.ly/1RtOgK5>

increase levels of child poverty and exacerbate the many risks to children's health, wellbeing, educational development and future prospects.

The APPG's recommendations include the removal of the benefit cap and the four-year benefits freeze, and the preservation of the link between welfare benefits and national median earnings. Any change to the benefit cap should be subject to parliamentary scrutiny before the Secretary of State's decision is made, including the impact on child poverty and health.

#### **Chapter Four: Child Tax Credits and the child element of Universal Credit**

Clauses 11-12 of the Welfare Reform and Work Bill would restrict the individual child element of Child Tax Credit and the child element of Universal Credit to two children per family. The rationale for this is partly to discourage families on benefits from having more than two children.

The APPG contends this would seriously affect families who for a variety of reasons, such as religious and cultural ones, have more than two children and that it may in fact contravene the UN Convention on the Rights of the Child. The APPG therefore recommends that these proposals be reversed.

#### **Chapter Five: Abolition of the Employment Support Allowance (ESA) Work Related-Activity Component**

Clause 13 of the Welfare Reform and Work Bill would reduce the amount of money people in one category of Employment and Support Allowance (ESA) receive, taking approximately £30 a week from new claimants who are deemed to be capable of making some effort to find work. It says this will save money and create more of an incentive for disabled people to get jobs.

However, the APPG believes that new ESA claimants will be uniformly financially penalised with no justification. Furthermore, there is no evidence that the proposals would be effective in getting people into good quality work. In fact, they would be counterproductive because the additional anxiety would make claimants more unwell and therefore less able to find work.

The APPG recommends abandoning the proposal to reduce ESA. It further recommends measures to improve information and support for disabled claimants to enable them to get jobs.

#### **Chapter Six: Conditionality for 'carers' in Universal Credit**

Clause 15 of the Welfare Reform and Work Bill will lower the age of the youngest child of a carer at which the carer is expected to begin work-related activity. The APPG contends, however, that many carers, particularly single parents, are highly motivated to find work but face significant structural barriers to employment. This proposal is thus likely further to exacerbate child poverty.

The APPG therefore recommends that these proposals be reversed. The Government's proposed increase in provision of free childcare for 3-4 year olds for working parents is welcomed. However, the APPG is concerned that it may not be adequately funded.

## **Chapter Seven: Reduction in social housing rents**

Clause 19 of the Welfare Reform and Work Bill requires social housing providers to reduce their rents in England by 1% a year for four years. The Government more affordable rent will incentivise tenants to make the choice to work. However, only a few tenants in social housing will directly benefit. The reduction will likely mean fewer new homes built at a time when they are desperately needed. The APPG recommends that the Secretary of State should produce a plan to off-set the impact of lower rent levels on social landlords' provision of affordable housing.

## **Chapter Eight: The impacts of the Welfare Reform and Work Bill 2015 on child poverty, child health and inequalities**

There is strong evidence that the cumulative effect of the measures proposed by the Bill are likely to increase levels child poverty for those households affected by them. The APPG noted that the IFS's analysis that the net effect of other tax and welfare system changes would not offset the loss of income to people on the lowest incomes, and that 60% of children who would be living in poverty will be in working households. Families with one or more disabled member including disabled children, lone parents, families at risk of homelessness, families with three or more children and other vulnerable groups will be most affected.

The implications for the health and wellbeing of these children are clear. In addition exposure to poverty in childhood is likely to negatively affect these children's health and life chances in the long term.

The APPG therefore recommends that a full, comprehensive and evidence based impact assessment of the cumulative impact of the Bill on child poverty, child health and inequalities be urgently undertaken.

**A full list of recommendations can be found at Appendix 1 of this report.**

## Chapter One: The relationship between child poverty, child health and inequalities

### Headline messages

- Increased levels of child poverty have a direct causal impact on worsening children's social, emotional and cognitive outcomes
- Eliminating UK child poverty would save the lives of 1,400 children under 15 annually.
- Maternal depression is a significant risk factor for poor child social and emotional development, and evidence links poverty, particularly debt, with sleep deprivation and depression in new mothers.
- Good early development is strongly associated with many positive outcomes in later life, including higher educational attainment and improved employment prospects in adulthood

### Introduction

1. According to the latest figures (2013-14), one child in three in the UK is living in poverty. This equates to a total of 3.7 million children.<sup>23</sup> By comparison, Iceland has just one child in 10 living in poverty. The level of child poverty in the UK began rising in 2011-12 for the first time in nearly 20 years.<sup>24, 25</sup>
2. Poverty – and child poverty – operates across a 'social gradient'. The worse the social disadvantage, the worse the health impacts. As Dr Taylor-Robinson told the inquiry "as children's lives unfold, the poor health associated with poverty limits their potential and development across a whole range of areas, leading to poor health and life chances in adulthood, which then has knock-on effects on future generations."<sup>26</sup>
3. As outlined in chapter one, the Joseph Rowntree Foundation's systematic review of the relationship between income and health reveals, a distinct and significant effect of income on children's social, emotional and cognitive outcomes, and to some extent on physical health.<sup>27</sup> These impacts are independent of any effects of parental education or attitudes which might correlate with income. The University of Liverpool, describing this "toxic" impact of child poverty on child outcomes, starkly observes that eliminating UK child poverty would save the lives of 1,400 children under 15 annually.<sup>28</sup>

<sup>23</sup> Department for Work and Pensions. Households Below Average Income, An analysis of the income distribution 1994/95 – 2013/14, Tables 4a and 4b. 2015. <https://www.gov.uk/government/statistics/households-below-average-income-19941995-to-20132014>

<sup>24</sup> UNICEF Innocenti Research Centre, Measuring child poverty: New league tables of child poverty in the world's rich countries, 2012, p.18, <http://bit.ly/18y92GF>

<sup>25</sup> Taylor-Robinson D, Harrison D, Whitehead M, *et al.* Doctors need to take the lead on poverty's effects on health. *BMJ* 2013;347:f7540. doi:10.1136/bmj.f7540

<sup>26</sup> Dr David Taylor-Robinson, *et al* (University of Liverpool Institute of Psychology, Health and Society), Oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>27</sup> Joseph Rowntree Foundation, Does Money Affect Children's Outcomes? A Systematic Review, 2013. Available at: <http://bit.ly/1OVBDdE>

<sup>28</sup> University of Liverpool, Institute of Health, Psychology and Society, Submission of Written Evidence to the All Party Parliamentary Group on Health in All Policies Inquiry Child Poverty and Health, January 2016, <http://bit.ly/1mkf9Lx>

4. A number of witnesses stressed the critical importance of early years development. Action for Children told the APPG that rapid brain development in the first two years of a child's life provides the foundation for their future health and wellbeing.<sup>29</sup> Good early development, they outlined, "is strongly associated with positive outcomes in later life, including higher educational attainment and improved employment prospects in adulthood,"<sup>30</sup> the two key areas the Government intend to measure in place of the four income measures and related targets in the Child Poverty Act 2010.
5. The policy levers the Government employs to address child poverty will have a deep, lasting influence on the lives of the children they are intended to assist. Improving the likelihood of children realising these outcomes is a powerful way of tackling intergenerational cycles of disadvantage. However, almost all of our witnesses presented compelling evidence that the Welfare Reform and Work Bill, as currently framed, is highly likely to increase levels of child poverty, and thus worsen levels of child health – perpetuating these cycles of disadvantage.
6. NHS Health Scotland further outlined the impact of "adverse and complex social factors experienced during pregnancy," which have the earliest impact on the health of the infant and their mother. The APPG heard that the "association between parental mental health and child health outcomes is well established," and paternal mental health heavily influenced by income. The APPG was struck by NHS Health Scotland's powerful summation that "in short, money matters."<sup>31</sup>
7. **Infant mortality:** Infant mortality rates are often used as a proxy for the health of entire nations. The UK infant mortality rate is currently in the highest quarter of all EU15+ countries.<sup>32</sup>
8. Infant mortality is strongly linked to poverty and material deprivation. National statistics in the UK reveal a five-fold difference in the infant mortality rates between the lowest and highest socio-economic groups.<sup>33</sup> The Marmot review of health inequalities concluded that one-quarter of all deaths under the age of one year would potentially be avoided if all births had the same level of risk as for women with the lowest level of deprivation.<sup>34</sup>
9. The strongest risk factor in infant mortality is low birth weight. Low birth weight is closely correlated with mothers in poverty, underweight mothers, mothers who smoked in pregnancy, first births and mothers from minority ethnic groups.<sup>35</sup> Low birth weight is also a well-established risk factor for several other immediate and long-term health problems.<sup>36</sup> Within the UK, smoking in pregnancy is more common among women in more disadvantaged socio-economic groups, who also have a higher

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<sup>29</sup> Bruce D Perry, Childhood Experience and the Expression of Genetic Potential: What Childhood Neglect Tells Us About Nature and Nurture, *Brain and Mind*, 3, 79-100, April 2002. Available at: <http://bit.ly/1L2J2pX> [cited in Action for Children's written submission to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016]

<sup>30</sup> Action for Children's written submission to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>31</sup> Scottish Directors of Public Health and NHS Health Scotland, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>32</sup> Viner RM, Hargreaves DS, Coffey C, Patton GC, Wolfe I (2014) Deaths in young people aged 0–24 years in the UK compared with the EU15+ countries, 1970–2008: analysis of the WHO Mortality Database. *Lancet* 384: 880–892. doi: 10.1016/S0140-6736(14)60485-2. pmid:24929452

<sup>33</sup> Office for National Statistics, Deaths Registered in England and Wales, 2014, 2015, <http://bit.ly/1kekraa>

<sup>34</sup> Sir Michael Marmot, Fair Society Health Lives (The Marmot Review), February, 2010: Available at: <http://bit.ly/1hs5CeF>

<sup>35</sup> Bradshaw, J. and Mayhew, E. (eds.) (2005) *The Well-Being of Children in the UK*, 2nd ed., Save the Children, London.

<sup>36</sup> Office for National Statistics, Inequalities in infant mortality: trends by social class, registration status, mother's age and birthweight, England and Wales, 1976–2000, 2014, <http://bit.ly/1nUKSEQ>



risk of other adverse outcomes.<sup>37</sup>

10. The Royal College of Paediatrics and Child Health informed the inquiry that in 2012 over 3,000 babies died before age one and over half of deaths in childhood occur during the first year of a child's life.<sup>38</sup>
11. **From childhood to adulthood:** The APPG heard from Liverpool University, who highlighted longitudinal studies showing that children growing up in poverty have "higher risk of death in adulthood across almost all conditions that have been studied, including mortality from stomach cancer, lung cancer, haemorrhagic stroke, coronary heart disease, and respiratory-related deaths, accidents, and alcohol-related causes of death." As Liverpool University outlines, exposure to child poverty is therefore "a critical issue not just for child health, but also for adult health."<sup>39</sup>
12. **Breastfeeding:** The many benefits of breastfeeding are well recognised – increased immunity to infections, lower susceptibility to gastroenteritis, diabetes and obesity, and improved bonding between mother and baby.<sup>40</sup> Breastfeeding rates are higher among mothers from higher socioeconomic groups, those aged over 30 and first-time mothers.<sup>41</sup>
13. **Oral health:** Dental caries (tooth decay) is the commonest cause of hospitalisation in children aged 5-9. A clear socio-demographic gradient is associated with poor oral health for children and young people. Risk factors for dental caries may include: living in a deprived area; experiencing socioeconomic deprivation, social exclusion or isolation (including children of traveller families); belonging to a particular minority ethnic group; experiencing mental health problems; having impaired physical mobility; or having a chronic medical condition.<sup>42</sup>
14. Children eligible for free school meals (a proxy for low family income) tend to have poorer oral health. For example, the Children's Dental Health Survey 2013 found children aged 5-15 not eligible for free school meals were 30% more likely to be free of dental decay than those eligible.<sup>43</sup>
15. **Accidents and injuries:** These are the commonest cause of death in children aged 5-9 in the UK and a major area of socioeconomic inequality. Children from disadvantaged backgrounds are more likely to experience unintentional injury.<sup>44</sup> Road traffic accidents are the main cause of death in this age-group and are strongly related to socioeconomic status. For example, child pedestrians in the lowest socioeconomic group are five times more likely to be killed on the roads than those in the highest group. For deaths due to fire this differential is 15 times higher.<sup>45</sup>

<sup>37</sup> Wolfe I et al. Why babies die. Royal College of Paediatrics and Child Health and the National Children's Bureau, 2014  
<http://bit.ly/1n4t2Mm>

<sup>38</sup> The Royal College of Paediatrics and Child Health, Written submission to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>39</sup> Dr David Taylor-Robinson, et al (University of Liverpool Institute of Psychology, Health and Society), Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>40</sup> Renfrew M J et al. Preventing disease and saving resources: the potential contribution of increasing breastfeeding rates in the UK. London: UNICEF UK, 2012.

<sup>41</sup> Health and Social Care Information Centre, Infant Feeding Survey 2010, <http://bit.ly/1nPd8bc>

<sup>42</sup> NICE. Oral health: approaches for local authorities and their partners to improve the oral health of their communities. Public Health Guidance 55. 2014.

<sup>43</sup> Health and Social Care Information Centre, Child Dental Health Survey 2013, England, Wales and Northern Ireland [NS] March 2015, <http://bit.ly/1x3yGV2>

<sup>44</sup> Pearce A. et al. Journal of Epidemiology and Community Health, Does the home environment influence inequalities in unintentional injury in early childhood? Findings from the UK Millennium Cohort Study, 2011, <http://1.usa.gov/1TKL1q4>

<sup>45</sup> The Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016, <http://bit.ly/20NVBif>

16. These higher rates of accident and injury are, the Child Poverty Action Group understand, due to greater exposure to hazards among poor children, not riskier behaviour. These include the increased likelihood that:
- Housing will be less well maintained and be unsafe;
  - Children will be less likely to have gardens or safe places to play outside;
  - Houses are more likely to open directly on to the street;
  - Parents will not be able to afford to buy or replace high-quality safety equipment, e.g. smoke alarms, car seats, bike helmets, and that;
  - Children are more likely to travel on foot (as parents are less likely to have a car) and less likely to be accompanied.<sup>46</sup>
17. **Asthma:** Rates of childhood asthma are significantly higher in less affluent families. The main correlation is with the level of parental smoking which is strongly associated with socioeconomic status.<sup>47</sup>
18. **Obesity:** Overweight and obese children are prone to a number of psychological and physical problems including bullying, depression, lack of self-esteem, shortness of breath, back problems, Type 2 Diabetes and high blood pressure. The National Child Measurement Programme (NCMP) measures children's heights and weights in Year 0 (aged 4-5) and Year 6 (aged 10-11) in England. In the school year 2014/15 the NCMP showed that around 22% of children in reception and 33% in Year 6 were either overweight or obese, and around 9% and 19%, respectively, were obese.<sup>48</sup>
19. Obesity prevalence rises with increasing socioeconomic deprivation and is more prevalent in urban, compared with rural, areas. Children living in the most deprived areas are twice as likely to be obese as those in the least deprived areas – a gap which has widened 20% over the past 7 years. Obesity is more prevalent among Year 6 children from black, Asian, 'mixed' and 'other' minority ethnic groups than their white counterparts.<sup>49</sup> These differences continue into older age-groups.<sup>50</sup>
20. The Aneurin Bevan University Health Board illustrated to the APPG that in Gwent there are an estimated 37,000 children and young people (aged 0-18 years) who are overweight or obese, of whom 19,400 are obese.<sup>51</sup>
21. **Healthy eating:** Sugary drinks, overconsumption of which can predispose to obesity and dental decay, are more heavily consumed by children of lower family affluence. Less well-off children are also less likely to eat fruit and vegetables – the proportion eating the recommended amount of at least five portions a day is lower among children from households with lower income.<sup>52</sup>

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<sup>46</sup> Ibid.

<sup>47</sup> London School of Economics, Understanding socio-economic inequalities in childhood respiratory health, March 2006, <http://bit.ly/1SAzCu0>

<sup>48</sup> National Child Measurement Programme, England, 2014/15 school year. Available at: <http://bit.ly/1iiPYOU>

<sup>49</sup> NHS Information Centre 2015. <http://bit.ly/1iiPYOU>

<sup>50</sup> HSCIC. Health Survey for England 2014. <http://bit.ly/1QNb25I>

<sup>51</sup> Aneurin Bevan University Health Board, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>52</sup> HSCIC. Health Survey for England 2013. <http://www.hscic.gov.uk/catalogue/PUB16076/HSE2013-Ch7-fru-veg-com.pdf>

22. Barnardo's drew the APPG's attention to its work on food poverty, and highlighted that it had come across a number of families who reported making unhealthy food choices as a result of low income and the rising cost of food. Families on low income, Barnardo's stressed, "often report resorting to diets which are high in carbohydrates or processed foods."<sup>53</sup>

**Barnardo's case study:**

Mel (name changed) was a single mother interviewed as part of our work on food poverty in 2012. She reported that her benefits had been cut, and she was struggling to buy fresh foods. She and the children lived on tinned foods, beans and spaghetti as they were cheaper.

23. **Physical activity:** Government guidelines recommend that children aged 5-15 should have at least one hour of moderately intensive physical activity per day. The proportion of both boys and girls reporting low activity levels is greater in lower household income groups than in higher. Furthermore, for both boys and girls, the average number of hours spent watching TV on both week and weekend days increases as household income decreases.<sup>54</sup>
24. **Smoking:** Children's smoking habits are closely correlated with parents' smoking habits and living in more deprived areas.<sup>55</sup> Children who receive free school meals (a proxy for lower family affluence) are 60% more likely to be regular smokers.<sup>56</sup>
25. **Sexual health:** Findings from the Health Behaviour in School-aged Children (HBSC) Study show that boys in England, and both boys and girls in Scotland, from less affluent families are more likely to have had sexual intercourse under the age of 16. Sexually active boys aged 15 with high family affluence are more likely to report condom use at last intercourse than those with low family affluence.<sup>57</sup>
26. **Teenage pregnancy:** Teen pregnancies are more likely to result in low birth weight babies, lower rates of breastfeeding and higher rates of child health problems requiring hospitalisation. Analysis of the Millennium Cohort Survey found that teenage mothers were over three times more likely to come from poor homes.<sup>58</sup> They are also less likely to complete their education, more likely to be out of employment and more likely to live in poverty. Their children are more likely to experience these same disadvantages and are twice as likely to become teenage parents in their turn.<sup>59</sup>

<sup>53</sup> Barnardo's, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016 <http://bit.ly/1QEh0Wb>

<sup>54</sup> HSCIC 2015. Statistics on Obesity, Physical Activity and Diet. <http://www.hscic.gov.uk/catalogue/PUB16988/obes-phys-acti-diet-eng-2015.pdf>

<sup>55</sup> Brittan et al. Parental smoking and child poverty in the UK: an analysis of national survey data, May 2015, <http://1.usa.gov/1VZnErp>

<sup>56</sup> National Centre for Social Research, Smoking, Drinking and Drug Use among young people in England in 2009, <http://bit.ly/1UToVjF>

<sup>57</sup> World Health Organization, Health Behaviour in School-aged Children (HBSC) Study, 2012, <http://bit.ly/1S78P8b>

<sup>58</sup> Bradshaw, J. and Mayhew, E. (eds.) (2005) The Well-Being of Children in the UK, 2nd ed., Save the Children, London.

<sup>59</sup> Office for National Statistics, Rendall M. How important are intergenerational cycles of teenage motherhood in England and Wales? A comparison with France 2003 <http://bit.ly/1NWP5fR>

27. **Mental health and wellbeing:** The four-yearly Health Behaviour in School-aged Children Study shows that, whilst overall happiness scores are improving, some expressions of mental anxiety and depression, such as self-harm, social isolation and body image anxiety are worsening. These concerns seem to be closely linked to use of social media and often exacerbated by lower family affluence.<sup>60</sup>
28. A recent study of the brain scans of 105 children aged 7-12 published in The American Journal of Psychiatry, has concluded that key structures in the brain are connected differently in poor children than those raised in more affluent settings. In particular, the hippocampus, key to learning, memory and stress regulation, and the amygdala, which is linked to stress and emotion, have weaker connections to other areas of the brain more in poor children than in those whose families had higher incomes.<sup>61</sup>
29. These changes in connectivity are related to poorer cognitive and educational outcomes and increased risk of psychiatric illness by 9-10 years old, including depression and antisocial behaviours. The study further demonstrates that “poverty is one of the most powerful predictors of poor developmental outcomes for children.”<sup>62</sup>
30. The Child Poverty Action Group informed us that “maternal depression is a significant risk factor for poor child social and emotional development, and evidence links poverty, in particular debt, with sleep deprivation and depression in new mothers.” They accentuate that if mental health inequality was erased (i.e. if mental health across the population was brought up to the level of those in the highest socio-economic groups), mental disorders in children would be reduced by 40%.<sup>63</sup>

#### **Barnardo's case studies:**

Lucy (name changed), a single mother interviewed as part of Barnardo's work on food poverty in 2012, reported that she had resorted to food banks to feed her children when she found she was no longer entitled to Disability Living Allowance. She reported that the stress of the situation was having a negative impact on her children and she believed contributed to her depression getting worse.

Kim (name changed) was a mother of two teenagers who had problems with her benefits due to a change in circumstances. She reported taking anti-depressants stating that worries over money were partly to blame.<sup>64</sup>

<sup>60</sup> World Health Organization, Health Behaviour in School-aged Children (HBSC) Study, 2012, <http://bit.ly/1S78P8b>

<sup>61</sup> American Journal of Psychiatry, Effect of Hippocampal and Amygdala Connectivity on the Relationship Between Preschool Poverty and School-Age Depression, January 2016, <http://bit.ly/1P7Jtof>

<sup>62</sup> Ibid.

<sup>63</sup> Child Poverty Action Group, Submission of written evidence to the APPG on Health in all Policies Inquiry into child poverty, health and well-being, January 2016, <http://bit.ly/20NVBif>

<sup>64</sup> Barnardo's, Submission of written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016, <http://bit.ly/1QEh0Wb>

31. **Educational attainment and life chances:** Poverty and low affluence also have a negative impact on educational outcomes and longer-term opportunities.
32. We heard from Action for Children that only 58% of children living in the most deprived communities reach a positive level of development, compared to 77% from the least deprived.<sup>65</sup> They note research by the Institute for Public Policy, demonstrating that only 47% of children from more deprived backgrounds in the north of England achieve a satisfactory level of development by five, compared to 59% from similar backgrounds in London.<sup>66</sup>
33. Children aged five from the poorest fifth of homes are on average already over a year behind in their expected educational progress.<sup>67</sup> Action for Children pointed us to evidence that in 2015, just over half of children by age five had reached a level of development such as to consider them school-ready, compared with 69% of children from families with higher incomes – a gap that has closed by just one per cent since 2013.<sup>68</sup>
34. By age 11 only about 75% of the least affluent fifth of children reach the expected standard compared to 97% among the most affluent fifth. And at GCSE the differential for obtaining five good passes (A\* - C) is 21% against 75%.<sup>69</sup> Action for Children underlined that catching up once children fall behind is difficult: “children who start primary school in the bottom range of ability tend to stay there...55% of seven-year-olds in the bottom 20% of attainment at Key Stage 1 are still at this level by the time they reach Key Stage 4 at the age of 16.”<sup>70</sup>
35. There is increasing evidence from the US that poverty in childhood has a measurable impact on brain development, particularly the specific areas of the brain responsible for language and learning.<sup>71</sup> There are well-established links between educational attainment, job opportunities and future life chances.<sup>72</sup> All too often the disadvantages linked to poverty and low affluence are passed on from generation to generation.<sup>73</sup>
36. **Housing:** The Child Poverty Action Group also told us that poor housing is “a critical factor in the poor health of children in low-income families, in particular inability to heat homes adequately.”<sup>74</sup> They

<sup>65</sup> Action For Children, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>66</sup> Institute for Public Policy Research, The state of the North 2015: Four tests for the northern powerhouse, October 2015. Available at: <http://bit.ly/1K2EkxI> [cited in Action for Children’s submission to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016]

<sup>67</sup> Waldfogel J, Washbrook E. Low income and early cognitive development in the UK. *Sutton Trust* 2010;:60. [http://www.suttontrust.com/wp-content/uploads/2010/02/Sutton\\_Trust\\_Cognitive\\_Report.pdf](http://www.suttontrust.com/wp-content/uploads/2010/02/Sutton_Trust_Cognitive_Report.pdf)

<sup>68</sup> Action For Children, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>69</sup> Goodman A, Gregg P. Poorer children’s educational attainment: How important are attitudes and behaviour? *Joseph Rowntree Foundation* 2010:1–72. <https://www.jrf.org.uk/report/poorer-children%E2%80%99s-educational-attainment-how-important-are-attitudes-and-behaviour>

<sup>70</sup> Action For Children, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>71</sup> Noble KG, Engelhardt LE, Brito NH, *et al.* Socioeconomic disparities in neurocognitive development in the first two years of life. *Developmental Psychobiology* 2015;57:535–51. doi:10.1002/dev.21303

<sup>72</sup> Haas SA. Health selection and the process of social stratification: the effect of childhood health on socioeconomic attainment. *Journal of Health and Social Behavior* 2006;47:339–54. doi:10.1177/002214650604700403

<sup>73</sup> The 1001 Critical Days Manifesto: The Importance of the Conception to Age Two Period, 2015, <http://bit.ly/1VZ1wxz>

<sup>74</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

identified research that shows that the risk for poor families, is increased by the “overlap between low income and the energy inefficiency of the homes people live in.”<sup>75</sup> Furthermore, low-income families are likely to face higher unit costs for fuel, with, for example energy tariffs generally 5-10% higher for those using pre-pay meters.<sup>76</sup>

37. **What do children think of their own health?** Professor Jonathan Bradshaw shared with the APPG an as yet unpublished chapter of a new book he has co-authored on physical health. Professor Bradshaw draws attention to a school-based survey of children in England, which was part of the international Children’s Worlds survey of child well-being for 8-10 and 12-year-olds in 15 countries. The survey indicates that children in England score in the bottom half of this league table.<sup>77</sup>
38. Professor Bradshaw notes the HBSC study, carried out every four years on a large school-based sample of children, which compares the proportion of children in EU countries (and some others) who describe their health as only fair or poor. We are concerned to learn that “Wales, Scotland and England all have comparatively high proportions rating their health as only fair or poor.”<sup>78</sup>

## Conclusion

39. There are so many ways in which poverty, low affluence and material deprivation impact on the health, wellbeing and life chances of children and young people. To quote The Marmot Review:

*“Disadvantage starts before birth and accumulates throughout life. Action to reduce health inequalities must start before birth and be followed through the life of the child. Only then can the close links between early disadvantage and poor outcomes throughout life be broken...For this reason, giving every child the best start in life is our highest priority recommendation.”<sup>79</sup>*

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<sup>75</sup> John Hills, Department of Energy & Climate Change, Hills Fuel Poverty Review: Getting the measure of fuel poverty, March 2012. Available at: <http://bit.ly/20LzbhB> [cited in the Child Poverty Action Group’s submission to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016]

<sup>76</sup> Citizens Advice Scotland, Still Addressing the Poverty Premium, August 2015. Available at: <http://bit.ly/23NrIAV> [cited in the Child Poverty Action Group’s submission to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016]

<sup>77</sup> Jonathan Bradshaw, et al, Unpublished chapter of the Well-Being of Children in the UK, Written submission to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016.

<sup>78</sup> Ibid

<sup>79</sup> Marmot, M. Fair Society, Healthy Lives: the Marmot Review. Strategic review of health inequalities in England post 2010. 2010. [www.ucl.ac.uk/marmotreview](http://www.ucl.ac.uk/marmotreview)

## Chapter Two: Measuring Child Poverty

### Headline messages:

- The Bill proposes action that would abandon current income measures and targets and shift the emphasis away from child poverty by focusing on worklessness and educational attainment.
- This would be very detrimental to the health, wellbeing and life-chances of children in poverty. Children who grow up in poverty are much more likely to have worse outcomes.
- There is a causal relationship between increased child poverty and worsening child health and wellbeing.

### Recommendations

- The existing measures and targets of child poverty as outlined within the Child Poverty Act 2010 should be maintained;
- The existing duty on local authorities to produce a child poverty needs assessment and to work collaboratively to eradicate child poverty should be retained;
- The existing duty on the Secretary of State to develop a national strategy for tackling child poverty should be retained
- The Bill should include a provision to publish a life chances strategy that addresses all ages across the life-course, including early years, and maps a path towards progress;
- A full, evidence based, impact assessment and evaluation of the Chancellor's annual budget statement as it relates to child poverty and inequality should be a statutory requirement;
- The next Child Poverty Strategy should be focused on health inequalities and supported by cross-government departments;
- The next Child Poverty Strategy should define a cross-departmental Child Health Strategy, agree measurable targets to evaluate progress, and appoint a Children's Minister to coordinate and direct integration across health, education, and social care;
- The Government should ensure that the impact assessments of these, and all other elements of the Bill, properly consider the Government's duties under Section 149 of the Equality Act 2010 and any international legal duties to which the UK is signatory.

## Current legislation

40. The current statutory mechanism for tackling child poverty – the Child Poverty Act 2010 – was enacted to “define success in eradicating child poverty and create a framework to monitor progress at a national and local level.”<sup>80</sup> The key provisions of the Act place a duty on the Secretary of State to:

- a. Report on whether, by 2012, the target to halve UK child poverty in relation to a 3.4m baseline was met;<sup>81</sup> and to meet four UK wide income poverty targets by 2020:<sup>82</sup>
  - **The relative low income target:** less than 10% of children living in households with net income below 60% of median net household income.<sup>83</sup>
  - **The low income and material deprivation target:** less than 5% of children living in households with net income below 70% of median household income before costs, and experiencing material deprivation.<sup>84</sup>
  - **The absolute low income target:** less than 5% of children live in households with a net income below 60% of median income in the financial year, up-rated annually in line with inflation.<sup>85</sup>
  - **The persistent poverty target:** less than 7% of children living in households whose net income has been less than 60% of median net household income for at least three out of the past four years.<sup>86</sup>
- b. Publish a Child Poverty Strategy, revised triennially, evaluating progress on the four targets and setting out future action; and for Scotland and Northern Ireland to prepare equivalent strategies to 2020 and report annually on how measures taken contributed to the four targets and ensuring children experience no socio-economic disadvantage.<sup>87</sup>

The Secretary of State, in preparing the strategy, must consider five key areas and the measures that ought to be taken to address them:

- Promotion of parental employment and development of the skills of parents;
- Provision of financial support for children and parents;
- Provision of information, advice and assistance to parents and promotion of parenting skills;
- Physical and mental health, education, childcare and social services, and;

<sup>80</sup> National Archives, Child Poverty Act 2010, Explanatory Notes, Paragraph 6, <http://bit.ly/1UZ79uY>

<sup>81</sup> National Archives, Child Poverty Act 2010, Part 1, Targets relating to child poverty, Section 1, <http://bit.ly/1KkJP5n>

<sup>82</sup> National Archives, Child Poverty Act 2010, Part 1, Targets relating to child poverty, Section 2, <http://bit.ly/207SscB>

<sup>83</sup> National Archives, Child Poverty Act 2010, Part 1, Targets relating to child poverty, Section 3, <http://bit.ly/1OpYVdL>

<sup>84</sup> National Archives, Child Poverty Act 2010, Part 1, Targets relating to child poverty, Section 4, <http://bit.ly/1JSfuAa>

<sup>85</sup> National Archives, Child Poverty Act 2010, Part 1, Targets relating to child poverty, Section 5, <http://bit.ly/1JSfzDQ>

<sup>86</sup> National Archives, Child Poverty Act 2010, Part 1, Targets relating to child poverty, Section 6, <http://bit.ly/1Ztn1Ya>

<sup>87</sup> National Archives, Child Poverty Act 2010, Part 1, Strategies: duties of Secretary of State, Sections 9 and 10, <http://bit.ly/1SW8Ta2>



- Housing, the built or natural environment and the promotion of social inclusion.<sup>88</sup>
- c. The Act established the Social Mobility and Child Poverty Commission to provide advice Ministers must have regard to when preparing their child poverty strategies; and other advice as requested<sup>89</sup>
- d. Places a duty on the Secretary of State to report annually on progress made towards the four income targets and measures specified in the United Kingdom child poverty strategy;<sup>90</sup>
- e. Requires the annual report relating to the financial year 2020 to include a statement as to whether or not the targets have been met and give reasons why any target is not met;<sup>91</sup>
- f. Requires Government to ensure that the targets, once met, are met in later financial years, or to make provision about how to meet them if the targets have not been met by 2020;<sup>92</sup>
- g. Places a duty on local authorities and their partners to:
  - Co-operate to tackle child poverty in their area;
  - Carry out an assessment of the levels of child poverty in that area, and;
  - Prepare a joint local child poverty strategy,;
- h. Requires English local authorities to have regard to the arrangements they have made to co-operate with partners to reduce local child poverty, their child poverty needs assessment and their joint child poverty strategy when preparing Sustainable Community Strategies;<sup>93</sup>

### **Proposals under the Welfare Reform and Work Bill 2015-2016**

41. The 2015 Conservative Manifesto included a commitment to "eliminate child poverty and introduce better measures to drive real change in children's lives." It stated that the root causes of poverty are "entrenched worklessness, family breakdown, problem debt, and drug and alcohol dependency."<sup>94</sup>
42. In accordance with this, Clause 5 of the Welfare Reform and Work Bill 2015-2016 reforms the Social Mobility and Child Poverty Commission and renames it the Social Mobility Commission. The Commission will have a duty to promote social mobility in England and will provide an independent scrutiny and advocacy role on social mobility in England. It will have a duty to report annually its view on progress in improving social mobility in the UK.<sup>95</sup>

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<sup>88</sup> Ibid.

<sup>89</sup> National Archives, Child Poverty Act 2010, Part 1, Social Mobility and Child Poverty Commission, Section 8 (1-6), <http://bit.ly/1Jano86>

<sup>90</sup> National Archives, Child Poverty Act 2010, Explanatory Notes, Paragraph 6, <http://bit.ly/1UZ79uY>

<sup>91</sup> Ibid.

<sup>92</sup> Ibid.

<sup>93</sup> National Archives, Child Poverty Act 2010, Explanatory Notes, Commentary on Sections and Schedules, Part 2, Sections 21-23, <http://bit.ly/207S1PA>

<sup>94</sup> The Conservative Party, The Conservative Party Manifesto 2015, Page 28, <http://bit.ly/1FPYN2z>

<sup>95</sup> House of Lords, Welfare Reform and Work Bill, Explanatory Notes, Commentary on provisions of Bill, Clause 5, Social Mobility Commission, paragraphs 83-85, <http://bit.ly/1OXbTRD>

43. The Commission will continue reporting on measures taken by Northern Ireland in relation to its strategy to ensure that as far as possible children in Northern Ireland do not experience socio-economic disadvantage. The Government may direct it to carry out any other activity relating to improving social mobility in England and Northern Ireland.<sup>96</sup> Clause 6 outlines a range of functions currently performed by the Social Mobility and Child Poverty Commission that will be discontinued.
44. Clause 6 of the Welfare Reform and Work Bill 2015-2016 amends the Child Poverty Act 2010 to remove the measures, targets, duties and most other provisions, including the:
- a. Four UK wide targets along with the definitions of the related measures (outlined above);
  - b. Duty upon the Secretary of State to meet these targets;
  - c. Continuing effects of the targets after the target year;
  - d. Provisions relating to the Social Mobility and Child Poverty Commission, e.g.;
    - Provision of advice, which must be published, about how to measure socio-economic disadvantage, social mobility and child poverty;
    - Publication of an annual report setting out its views on the progress made towards:
      - Improving social mobility in the UK, and;
      - Reducing UK child poverty, in particular, meeting the UK wide targets in relation to the target year, and implementing the most recent UK strategy.
  - e. Duty on the Secretary of State to lay before Parliament a UK wide strategy;
  - f. Duty on Scottish Ministers to lay before the Scottish Parliament a Scottish strategy;
  - g. Duty on the relevant Northern Ireland department to describe in its strategy the progress it intends to make to contribute to the meeting of the targets;
  - h. Secretary of State's duty to lay before Parliament a statement in relation to the targets;
  - i. Duty placed on local authorities to co-operate to reduce child poverty in their local area including the preparation of a joint child poverty strategy;
  - j. Duty placed on local authorities to prepare and publish an assessment of the needs of children living in poverty in their area;
  - k. Role of Scottish and Welsh Ministers in appointing members of the Commission.<sup>97</sup>
45. The Welfare Reform and Work Bill 2015-2016 will introduce a range of new reporting obligations and duties. Clause 1 will place a new duty on the Secretary of State to produce an annual report on the progress towards full employment during this Parliament, and will hold Government to account on its commitments towards full employment. The first annual report will set out the interpretation of full employment, allowing time to consider measures best reflecting the labour market.<sup>98</sup>

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<sup>96</sup> House of Lords, Welfare Reform and Work Bill, Explanatory Notes, Commentary on provisions of Bill, Clause 5, Social Mobility Commission, paragraphs 83-85, <http://bit.ly/1OXbTRD>

<sup>97</sup> House of Lords, Welfare Reform and Work Bill, Explanatory Notes, Commentary on provisions of Bill, Clause 5, Social Mobility Commission, paragraphs 91-95, <http://bit.ly/1OXbTRD>

<sup>98</sup> House of Lords, Welfare Reform and Work Bill, Explanatory Notes, Commentary on provisions of Bill, Clause 5, Social Mobility Commission, paragraphs 69-70, <http://bit.ly/1OXbTRD>

46. Clause 3 will require the Secretary of State to prepare a report on progress made by families who receive support as part of the Troubled Families Programme, based on information from the programme's national evaluation and the payment by results achieved by local authorities. Clause 4 will place a duty on the Government to report annually on data (e.g. from the Office for National Statistics) against measures of worklessness and educational attainment in England.<sup>99</sup>
47. The report will identify the proportion of children living in workless households (i.e. where no adult is in employment), and proportion of children in long-term workless households (i.e. where no adult has been in employment for at least the last 12 months). The clause also requires the educational attainment measures to be based, so far as practicable, on data published in relevant official statistics, such as Key Stage 4 attainment data.<sup>100</sup>

### **The Government's rationale for these proposals**

48. The Government announced its intention to remove the existing measures and targets set out in the Child Poverty Act 2010 in July 2015. Their view is that there are two factors that drive child poverty and influence a child's life chances: educational attainment and work.
49. The Government is also of the view that relative income measure of poverty is simplistic and flawed, and a poor test of whether children's lives are improving; and current targets to raise people above 60% of median income are narrow, and focused on measuring "inputs of expenditure rather than outcomes of children focused policy."<sup>101</sup>
50. For this reason, the Government is developing a measure of life chances that include family breakdown, problem debt, and drug and alcohol dependency, upon which it will report yearly. In turn, the new Social Mobility Commission, will, the Government believes, ensure independent scrutiny of and drive improved social mobility through tackling what they believe to be the root causes of child poverty and improving life chances.
51. However, while the above 'multi-dimensional' measures are valuable, and APPG witnesses were in full agreement that there exists a positive correlation between worklessness, educational attainment and poverty; there was a critically unanimous agreement that neither are *indicators nor measures* of poverty. As one witness to the Inquiry noted, while "the risk of being poor is greater in workless families...two thirds of poor children have a parent in employment;" and, while "poor children have lower educational attainment on average, many don't and some rich children do."<sup>102</sup>
52. There is a very strong causal relationship between levels of household financial resources and children's outcomes.<sup>103</sup>

<sup>99</sup> House of Lords, Welfare Reform and Work Bill, Explanatory Notes, Commentary on provisions of Bill, Clause 5, Social Mobility Commission, paragraphs 75-82, <http://bit.ly/1OXbTRD>

<sup>100</sup> House of Lords, Welfare Reform and Work Bill, Explanatory Notes, Commentary on provisions of Bill, Clause 4, Workless households and educational attainment reporting obligations, paragraphs 79-82, <http://bit.ly/1OXbTRD>

<sup>101</sup> Rt Hon. Iain Duncan Smith, Secretary of State for Work and Pensions, Statement on Child Poverty. July 2015, <http://bit.ly/1KkN3px>

<sup>102</sup> Professor Jonathan Bradshaw, University of York, Social Policy Unit, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>103</sup> Dr Kitty Stewart (Joseph Rowntree Foundation), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

53. The UK is a global leader in the measurement of child poverty, and measures, including those within the Child Poverty Act 2010, have been used to inform the approaches of a broad range of organisations including the European Commission, OECD, UNICEF and the World Bank.<sup>104</sup>
54. The Equality and Human Rights Commission (EHRC) makes clear that measures of relative and absolute income poverty as well as measures of material deprivation, as set out in the Child Poverty Act 2010, are necessary to give a clear picture of child poverty in the UK. The EHRC determines that these measures should be included in any new set of measures.

## **Evidence of the impacts on child poverty**

### **Removing income from the measurement of child poverty**

55. A number of submissions of evidence received by this inquiry<sup>105,106,107,108,109</sup> (and by the Welfare Reform and Work Bill Public Bill Committee<sup>110,111,112</sup>) acknowledged the multi-faceted nature of child poverty, and recognised the value of the reporting obligations of child wellbeing included within Clause 4, e.g.: children in workless families, children in long term workless families, educational attainment for all children and educational attainment for disadvantaged children.<sup>113</sup>
56. The Joseph Rowntree Association has cautioned at the insufficiency of “narrow reliance upon income measures to identify households at risk of poverty.” In its analysis of the evidence, *work in principle* forms the “surest way out of poverty.” It suggests that the government would benefit, in its efforts to drive action on worklessness, from using and expanding the Households Below Average Income Series’ data on parental work status to analyse the “bottom end of the labour market.”<sup>114</sup>
57. Professor Jonathan Bradshaw shared with the APPG an as yet unpublished chapter of a new book he has co-authored on physical health. He reflected that the proposed indicators are not novel, and previously were included as part of the DWP series, “Opportunity for All”, (1999-2007), to monitor the child poverty strategy, and then built into the now disbanded UK National Action Plan for Social

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<sup>104</sup> Jonathan Bradshaw, et al, Unpublished chapter of the Well-Being of Children in the UK, Written submission to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016.

<sup>105</sup> Action for Children, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>106</sup> The Child Poverty Action Group, Written and oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>107</sup> Royal College of Paediatrics and Child Health, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>108</sup> Dr David Taylor-Robinson, oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>109</sup> Scottish Directors of Public Health and NHS Scotland, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>110</sup> Joseph Rowntree Association, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>111</sup> The Children’s Society, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>112</sup> Professor Jonathan Bradshaw, University of York, Social Policy Unit, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>113</sup> Welfare Reform and Work Bill 2015-16, Clause 4, Workless households and educational attainment: reporting obligations, January 2016, <http://bit.ly/1RKzJ7Z>

<sup>114</sup> Joseph Rowntree Association, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

Inclusion, which reported every two years to the EU. Many of these indicators are currently used in the Office of National Statistics series on the well-being of children.<sup>115</sup>

58. While these ‘multi-dimensional’ measures are valuable, and the APPG’s witnesses were in full agreement that there exists a positive correlation between worklessness, educational attainment and poverty; there was a critically unanimous agreement that neither are *indicators nor measures* of poverty. As Professor Bradshaw notes, while “the risk of being poor is greater in workless families...two thirds of poor children have a parent in employment;” and, while “poor children have lower educational attainment on average, many don’t and some rich children do.”<sup>116</sup>
59. Scottish Directors of Public Health (DsPH) and NHS Health Scotland reinforced this message, and emphasised to the APPG that “worklessness (and the other measures outlined in the Bill) are not proxy or better measures of income poverty. They are related issues but without attending to income as well, the prospects for child health are not good.”
60. Given this, the APPG is surprised and concerned to learn that the Department for Work and Pensions has chosen not to publish an impact assessment on the proposal set out within the Welfare Reform and Work Bill to introduce new legislation to replace the Child Poverty Act 2010.
61. The Aneurin Bevan University Hospital Board told the APPG that by contrast with England’s restricted definition of child poverty, the Welsh Government will continue to use a broad definition that reflects the impact of income and expenditure on poverty, and has set out a number of strategic objectives to help achieve this goal.<sup>117</sup>
62. Scottish Directors of Public Health and NHS Health Scotland further warned that two key issues are at stake: the diversion of public policy and resources away from the scale and nature of child poverty (with serious implications for the poorest 20-40% of children in the UK), and downplaying of income as a key determinant of child health and health inequalities, with implications for the majority of children in UK society (outside the wealthiest households).<sup>118</sup>
63. To that end, they underlined research of the North American experience of welfare reform policies that demonstrated that where programmes are focused on “increasing parental employment rates without concern for earnings or household incomes” the programmes had “either no *effect or adverse effects* on children’s health”. By contrast however, those programmes that “had a positive impact on childhood health all had an earnings supplement component”.<sup>119</sup>
64. AfC reminded the inquiry that the Public Health Outcomes Framework identifies “child poverty as living on a low income, and school readiness as reaching a good level of development by five) – and

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<sup>115</sup> Professor Jonathan Bradshaw, University of York, Social Policy Unit, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>116</sup> Professor Jonathan Bradshaw, University of York, Social Policy Unit, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>117</sup> Aneurin Bevan University Health Board, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>118</sup> Scottish Directors of Public Health, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>119</sup> Waldfogel J. Welfare Reforms and Child Well-Being in the US and UK. London: Centre for Analysis of Social Exclusion; 2007.

both as wider determinants of good health.” Progress of school readiness is included alongside low income, AfC explains, since it is “generally accepted that both play an important role in health and wellbeing and must be part of efforts to tackle health inequalities.”<sup>120</sup>

65. Dr Ingrid Wolfe, presenting evidence on behalf of the Royal College of Paediatrics and Child Health (RCPCH) emphasised that while no objection would be made to inclusion of new measures, to “abolish the existing measures that allow us to track progress is really detrimental.” Dr Wolfe further stressed that she had read “no logical explanation to stop measuring such an important and direct indicator of harm to children.”<sup>121</sup>
66. On the impact of these proposals in relation to equality and human rights, while the DWP have undertaken no impact assessment, the APPG is concerned to learn of the analysis undertaken by the Equality and Human Rights Commission, in its submission of evidence to the Public Bill Committee. The EHRC makes clear that measures of relative and absolute income poverty as well as measures of material deprivation, as set out in the Child Poverty Act 2010, are necessary to give a clear picture of child poverty in the UK. The EHRC determines that these measures should be included in any new set of measures – and has proposed amendments to the Bill to that effect.<sup>122</sup>
67. Failure to do so, the EHRC outlines, would be to fail to address the obligation to ensure that conditions of work are just and favourable, in line with Article 7 of the UN International Covenant on Economic, Social and Cultural Rights. The EHRC further explains that indicators comprehensively capturing child poverty, including relative and absolute income poverty, are important in ensuring compliance with Section 149 of the Equality Act 2010, requiring ongoing equality impact assessment.<sup>123</sup>
68. In this context, the EHRC notes that relative and absolute child poverty and the proportion of children living in low income and material deprivation continues to be some way from the targets set in the Child Poverty Act 2010. Furthermore, it observes that after housing cost figures are used, relative child poverty levels remain comparatively higher and absolute child poverty levels have increased between 2007/08 and 2013/14.<sup>124</sup>
69. The EHRC’s position on the importance of comprehensive measures and data of income, including on children in low income households, was made in its submission to the United Nations Human Rights Committee on the United Kingdom’s Implementation of the International Covenant on Economic, Social and Cultural Rights, in which it was clear that in order to realise progressively the right of children to an adequate standard of living, the UK Government should take steps to:
  - Ensure any new measures of child poverty address relative and absolute income poverty, and material deprivation; as well as taking into account causal risks;

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<sup>120</sup> Ibid

<sup>121</sup> Ibid.

<sup>122</sup> Equality and Human Rights Commission, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>123</sup> Ibid

<sup>124</sup> Ibid

- In line with recommendations made by the Office of the Children’s Commissioner, UK Government responses to child poverty should address the immediate effects of poverty on children, as well as addressing in-work poverty and the improvement of conditions of work.<sup>125</sup>

70. These amendments would, the EHRC states, set a legislative framework for the measurement of child poverty better enabling the UK Government to progressively realise the right to an adequate standard of living of children as protected by Article 11 ICESCR and Article 27 of the Convention on the Rights of the Child.<sup>126</sup>

### **The importance of early years on future life chances**

71. Action for Children (AfC) state in their evidence to the inquiry that that “any strategy aiming to safeguard and nurture children’s future prospects must recognise the need to ensure that families have the means to provide everyday essentials in the here and now. Otherwise, these children’s life chances are compromised.”<sup>127</sup>

72. In this context, AfC stressed that while the new Life Chances Act has potential to “establish a more in-depth approach to the issue of poverty, if the new approach is to work, [it] must act on the role healthy development [plays] in the first years of a child’s life in determining future life chances”. Yet, as AfC underscore, the Bill does not do this. Reporting obligations on educational attainment by Key Stage 4 (16 years) will be “too late” and “difficulties entrenched and harder to reverse.”<sup>128</sup>

73. The Child Poverty Action Group reinforce this point, and note that while some social costs relate to “reduced life chances...the majority come from the ‘fallout costs of child poverty, such as personal social services, school education, and police and criminal justice.” It highlights research from Loughborough University that demonstrates that child poverty cost the UK £29 billion in 2013 in financial terms alone.<sup>129</sup> The APPG further notes the UK Faculty of Public Health’s manifesto, Start Well, Live Better, which supports the recommendations of the 1,001 days manifesto.

74. Those leading on the 1,001 Critical Days Manifesto are agreed that “society is missing an opportunity if we don’t prevent problems before they arise.”<sup>130</sup> It, the APPG considers, is vital that a focus on the early years is placed at the heart of the policy making process. If the opportunity is missed, “the Government’s aim [and Prime Minister’s commitment] to improve life chances through educational attainment and tackling of other social issues will be undermined.”<sup>131</sup>

75. AfC are thus clear that the Bill must include a measure on the “level of development children have achieved by age five in addition to the measure on GCSE attainment,” to:

<sup>125</sup> Equality and Human Rights Commission, Welfare Reform and Work Bill: Committee Stage (Clauses 4 and 6), House of Lords, December 2015. Available at: <http://bit.ly/1QFBLAZ>

<sup>126</sup> Ibid

<sup>127</sup> Action for Children, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>128</sup> Ibid

<sup>129</sup> The Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016, <http://bit.ly/2ONVBif>

<sup>130</sup> 1,001 Critical Days, The 1,001 Critical Days: The Importance of the Conception to Age Two Period: A Cross-Party Manifesto, ND, Available at: <http://bit.ly/1CB6BX6>

<sup>131</sup> The Rt. Hon David Cameron, Prime Minister’s speech on life chances, January 2016, <http://bit.ly/1ULhMBH>

- Provide a coherent national picture of the extent of healthy child development, birth to five;
- Drive progress and effective investment in early years so children are ready to start school, and reduce the chances of some children falling behind in their first years of education;
- Provide better understanding of children's 'starting points' so appropriate support is provided to struggling children and educational outcomes improved at every Key Stage.<sup>132</sup>

### **In work poverty**

76. Many organisations have expressed concern at the failure of the provisions to recognise the importance of in-work poverty. The Joseph Rowntree Foundation has stated that by “replacing the previous income measures [the new life chances measures] amount to a step backwards in developing an accurate picture of poverty.”<sup>133</sup> A more accurate understanding of poverty would be presented were the importance of household costs at the bottom end of the spectrum, e.g. “analysis of income after the essential costs like childcare and extra costs of disability”<sup>134</sup> taken into account.
77. Reiterating Professor Bradshaw’s position, JRF further make clear the importance of tackling in-work poverty, critical to the improvement of social mobility and life chances. Understanding work status “by family type and whether each parent is working full-time, part-time or is self-employed are essential factors, JRF state, in understanding what action is needed “to address barriers to life chances such as low pay and underemployment.”<sup>135</sup>
78. Indeed, the Child Poverty Action Group has highlighted to the APPG that “by focusing only on workless households, more than 60% of children in poverty will be missed as they live in working households.”<sup>136</sup> Poverty, CPAG explains, is “characterised more by low-paid, insecure work than persistent unemployment.” While 75% of JSA claimants come off the benefit within six months, and almost 90% within twelve months, less than half, CPAG identifies, enter permanent contracts.<sup>137</sup>
79. NHS Health Scotland built upon this view, and underlined that while a focus on full employment is in principle welcome, the lack of definition around what ‘full employment’ means in practice “may allow high levels of in-work poverty” to continue or increase.<sup>138</sup> NHS Health Scotland reminded the APPG that of the 3.7m children in relative poverty in the UK in 2013/14, 63% of them lived in households where at least one adult was in paid employment.<sup>139</sup> It cautioned that full employment must not ignore spatial and occupational inequalities in demand for labour and the importance of good work for workers’ health and their families.<sup>140</sup>

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<sup>132</sup> Action for Children, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>133</sup> Joseph Rowntree Foundation, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>134</sup> Ibid

<sup>135</sup> Ibid

<sup>136</sup> The Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016, <http://bit.ly/2ONVBif>

<sup>137</sup> Ibid.

<sup>138</sup> Scottish Directors of Public Health and NHS Scotland, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>139</sup> Ibid

<sup>140</sup> Ibid



80. In this context, Dr Abdul Razzaq, Director of Public Health in Blackpool, drew the APPG's attention to research by the UCL Institute of Health Equity's (IHE), which shows that while on one hand the UK economy has increased since 2008, on the other, greater levels of employment are not reflective of the *quality* of that employment. Increased use of zero hour contracts and of in-work poverty have led IHE to conclude that many jobs created are "insufficient to lead a healthy lifestyle" and that "post-2010 job growth is a *driver of inequalities*."<sup>141</sup>
81. As IHE outline, adverse work conditions and health inequalities (avoidable, unjust and systematic differences in length of life and presence of illness, between individuals and communities) are concentrated at the bottom of the social gradient. While ensuring a healthy standard of living is closely related to pay, IHE observe increasing inequality of access to the labour market. It further draws attention to the strong correlation between the social gradient and wide range of diseases, e.g.: heart disease; cancers; chronic lung disease; gastrointestinal disease; depression and suicide.<sup>142</sup>
82. Highlighting research by KPMG, IHE shows that the proportion of employees on less than the living wage in 2014 had reached 5.28 million. In turn, it notes TUC analysis, which identifies that 77% of net employment increases in June 2010-June 2013 were in low-paid industries, while between 2008-2012 the number of all workers who wanted to work more hours increased by 47.3%; and number of involuntary part time workers has increased 100% since pre-recession level of 701,000.<sup>143</sup>
83. Furthermore, with increased numbers of temporary workers 2010-2014, and those in temporary work and experiencing chronic job insecurity having higher self-reported morbidity, IHE consider job insecurity a possible chronic stressor. It further notes research showing that those on 'zero hours' contracts earn "substantially less" than those on permanent contracts, while 57.6 % outside London earned less than the living wage, and 75% in London earned less than the London living wage.<sup>144</sup>
84. IHE also underscore that there exists a strong positive correlation between currently high levels of redundancy risk and poor health. It notes a 2012 survey in which 52% of employees reported anxiety about loss of job status, while 11% were very insecure.<sup>145</sup>

### **The impact on children in poverty, their health and wellbeing**

85. The APPG heard from Dr Kitty Stewart, who cautioned that the Bill is likely to give rise to "dramatic increases in absolute and relative poverty over the next five years" with households with three or more children experiencing a 20-33% increase in poverty.<sup>146</sup> Dr Stewart reflected on the systematic review that she had undertaken on behalf of the Joseph Rowntree Foundation, which established a very strong causal relationship between levels of household financial resources and children's outcomes.<sup>147</sup> It identified that:

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<sup>141</sup> Ibid Dr Abdul Razzaq (Director of Public Health in Blackpool), Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>142</sup> Ibid

<sup>143</sup> Ibid

<sup>144</sup> Ibid

<sup>145</sup> Ibid

<sup>146</sup> Joseph Rowntree Foundation, Does Money Affect Children's Outcomes? A systematic review, 2013, <http://bit.ly/1OVBDdE>

<sup>147</sup> Dr Kitty Stewart (Joseph Rowntree Foundation), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

- Poorer children have worse cognitive, social-behavioural and health outcomes – in part because they are poorer;
- Income has indirect child impacts e.g. maternal health, parenting and home environment;
- The impact of increases in income on cognitive development are comparable with spending similar amounts on school or early education programmes;
- Increasing household income could substantially reduce differences in schooling outcomes, while improving wider aspects of children’s well-being;
- A given sum of money makes significantly more difference to children in low-income;
- Money in early childhood makes most difference to cognitive outcomes, while in later childhood and adolescence it makes more difference to social and behavioural outcomes;
- Longer-term poverty affects children’s outcomes more severely than short-term poverty.<sup>148</sup>

86. Given this causal relationship between child poverty and cognitive, social-behavioural and health outcomes, while there was agreement that new ‘life chances’ measures may contribute to a “dynamic picture of poverty and opportunity within the UK”<sup>149</sup> all witnesses were unequivocal on the imperative for the existing measures of child poverty and their targets, as delineated within the Child Poverty Act 2010, to be preserved within the new legislation as part of a portfolio of measures.

87. As the Royal College of Paediatrics and Child Health (RCPCH) made clear to the inquiry, this causal relationship matters acutely given that in the UK today, an estimated 3.5 million children (one in four) are living in poverty –more than in many other EU countries. Even “more serious concentrations of child poverty” the RCPCH observe, are found “at a local level: in 100 local wards, for example, 50-70% of children are growing up in poverty.”<sup>150</sup>

88. In the RCPCH’s analysis this trend will worsen as a consequence of the Government’s policies, with “4.7 million children projected to be living in poverty by 2020.” The RCPCH warn that the proposals will “compound and potentially worsen the current health inequalities for children and young people”. The RCPCH has expressed grave concern to this inquiry about the impact of this on health outcomes for children and young people and their futures as adults.<sup>151</sup>

89. This view resonated with Alison Garnham, who drew attention to the impact of the accumulation of welfare benefit cuts since 2010, underlining an increase in child poverty of 500,000.<sup>152</sup> The IFS project a further 700,000 increase by 2020, without factoring in the July 2015 Budget.<sup>153</sup> This is a conservative estimate according to the Resolution Foundation whose own analysis predicts a 1.5 million increase. Whatever the figure, Ms Garnham stressed that the UK now faces “a child poverty crisis.”<sup>154</sup>

<sup>148</sup> Joseph Rowntree Foundation, Does Money Affect Children’s Outcomes? A systematic review, 2013, <http://bit.ly/1OVBDdE>

<sup>149</sup> Joseph Rowntree Association, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>150</sup> Royal College of Paediatrics and Child Health, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>151</sup> Ibid.

<sup>152</sup> Alison Garnham, Child Poverty Action Group, Oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>153</sup> Institute of Fiscal Studies, Child and working-age poverty from 2010 to 2020, October 2011. Available at: <http://bit.ly/1KVdsui>

<sup>154</sup> Alison Garnham, Child Poverty Action Group, Oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

90. Against that backdrop, in its submission of written evidence to this inquiry, CPAG emphasised the conclusion of the Joseph Rowntree Foundation, that “real cuts to working-age benefits are a key reason behind rising child poverty.” CPAG highlight that over the last parliament:

- Child Benefit was frozen from 2011-12 to 2013-14 and uprated by only 1% in the following two years.
- CPI replaced RPI as the basis for uprating benefits in 2010.
- The Welfare Benefits Uprating Act 2013 provided for most working age benefits (excluding those relating to the costs of disability) to be uprated at 1% (below inflation).<sup>155</sup>

91. CPAG outline that over the past five years, Child Benefit has “lost 15% of its value compared to RPI uprating [and that] losses increase year on year as under-indexation is compounded.” This is compounded by a 5% increase in the cost of living since 2012. CPAG note that “even a couple who both work full-time on the minimum wage fall almost £76 per week short of the costs of raising two children, while for a single parent, even working full time at the median wage only allows them to meet 91% of the cost of two children.”<sup>156</sup>

92. Dr Stewart forewarned APPG Members that the UK is “about to see a natural experiment [under which] benefits are going to be cut very much more sharply for families with three or more children.”<sup>157</sup> She cautioned that this will manifest itself inevitably in poorer parental and child health outcomes, e.g. poorer educational attainment, longstanding and limiting illnesses, poorer mental health and increased risk of suicide, higher mortality rates, and significant effects on children’s wellbeing, sense of self-worth, and likelihood of indulging in risky behaviours.

93. The inquiry notes the conclusions of the independent Social Mobility and Child Poverty Commission (an advisory non-departmental public body established under the Child Poverty Act 2010) in its response to the 2013 consultation on measures of child poverty – its first piece of advice to Ministers. While recognising the potential of a “multi-dimensional approach” in providing a “richer picture” of child poverty – it cautioned at conflating the *causes* and *consequences* of child poverty.<sup>158</sup>

94. The University of Liverpool reinforced this position, in its evidence to the inquiry. The reframing of the emphasis in how the Government intends to measure child poverty, “from a focus on income based indicators to factors related to ‘family breakdown, debt, and addiction’” are in fact, in as the University of Liverpool explain, “outcomes that conflate the consequences of child poverty, with the cause – a lack of material resources.”<sup>159</sup>

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<sup>155</sup> The Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016, <http://bit.ly/2ONVBif>

<sup>156</sup> Ibid.

<sup>157</sup> Dr Kitty Stewart (Joseph Rowntree Foundation), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>158</sup> Social Mobility and Child Poverty Commission, Response to Measuring Child Poverty: A Consultation on Better Measures of Child Poverty”, February 2013

<sup>159</sup> Dr David Taylor-Robinson, et al, University of Liverpool, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

95. The Commission was clear in its view that any multi-dimensional measure should be “supplementary to the existing framework [and] looked to the Government to make clear a commitment to maintain the centrality of income in measuring poverty.” It emphasised the strengths of the measures enshrined in the CPA 2010, for example noting that the “relative poverty measure is regarded globally as a critical means of benchmarking developing countries’ performance.”<sup>160</sup>
96. Indeed, Professor Bradshaw has affirmed that the UK is a global leader in the measurement of child poverty, and that the measures – including those within the Child Poverty Act 2010, have been used to inform the approaches of a broad range of organisations including the European Commission, OECD, UNICEF and the World Bank.<sup>161</sup>
97. The RCPCH, Child Poverty Action Group and other witnesses to this inquiry have all voiced their disquiet at the proposed amending of the name of the Child Poverty Act to become the Life Chances Act, and the Social Mobility and Child Poverty Commission to become the Social Mobility Commission. Combined with the removal of the Child Poverty Act measures and targets, the RCPCH argued that the proposals amount to the “effective [removal of] references to children.”<sup>162</sup>
98. Dr Wolfe was emphatic that child wellbeing “should be enshrined in both the legislation and in the public body established with the original purpose of monitoring the Government’s progress in reducing child poverty.”<sup>163</sup>
99. The RCPCH, in written evidence to the APPG, underscored the critical importance of social and fiscal policy to child mortality. “Poverty, inequality and where a family lives, it asserts, have a direct impact on child health, and in the worst cases are risk factors for premature death.” Accordingly, the RCPCH stressed that beyond identifying those “interventions that directly reduce risk” the Government should take action to reduce those risks “through tackling child poverty and social inequality.”<sup>164</sup>
100. Dr Wolfe thereby told the APPG that the RCPCH urges the Government to commission, and to act upon the recommendations of, high quality research dedicated to reducing child health inequalities. As Dr Wolfe made clear, it is adequate research and actions against that research are the key route to address, track and tackle child poverty and health inequalities.<sup>165</sup>
101. To achieve this, Dr Wolfe made clear that the RCPCH consider it imperative for the Government to:
  - Provide a full, evidence based, impact assessment and evaluation of the Chancellor’s annual budget statement as it relates to child poverty and inequality;
  - Ensure that the next Child Poverty Strategy is focused on health inequalities and supported

<sup>160</sup> Social Mobility and Child Poverty Commission, Response to “Measuring Child Poverty: A consultation on better measures of child poverty”, February 2013. Available at: <http://bit.ly/1P4dt31>

<sup>161</sup> Jonathan Bradshaw, et al, Unpublished chapter of the Well-Being of Children in the UK, Written submission to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016.

<sup>162</sup> Royal College of Paediatrics and Child Health, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>163</sup> Ibid

<sup>164</sup> Royal College of Paediatrics and Child Health, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>165</sup> Ibid

by cross-government departments, and must;

- Define a cross-departmental Child Health Strategy, agree measurable targets to evaluate progress, and appoint a Children’s Minister to coordinate and direct integration across health, education, and social care.<sup>166</sup>

102. Measures in themselves, Action for Children observe “create a level of accountability and drive progress, providing a shared goal”.<sup>167</sup> This position was echoed by Dr Wolfe, who affirmed that “what gets measured gets done” – and that the existence of a strategy creates a political imperative for action, both at a national and a local level. In the absence of a strategy it is, Dr Wolfe warned, easy to “dissipate attention”.<sup>168</sup>

103. In the absence of a statutory duty to measure child poverty, Dr Wolfe noted that it may well fall on such organisations such as the Joseph Rowntree Association or academic institutions to fund this important research. Yet, the conclusions, Dr Wolfe said, we already understand. The evidence for the impact of child poverty on child health is clear. She expressed her disquiet at the possibility that the measures and targets to address child poverty would be removed:

*“To sit here while a generation of children experience such severe financial difficulties – that’s their shot, they don’t get another.*

*We know that this bill is going to increase child poverty sharply, and we know from past research what the very likely impacts that is going to have on child health and wider development.”<sup>169</sup>*

104. NHS Health Scotland and Scottish Directors of Public Health reinforced this point, and told the APPG of its concern that removing the four child poverty targets and the UK Government’s duty to meet the targets “will encourage policy-makers and the public to ignore the scale and nature of child poverty in the UK and distort policy responses to it.” This, they warned, “is likely to reinforce existing inequalities in child health.”<sup>170</sup>

### **The need for local and national strategies**

105. All witnesses were unanimous in their strong call for the preservation not only of the duty on local authorities and their partners to co-operate to tackle child poverty in their area; carry out an assessment of the levels of child poverty in that area; and to prepare a joint local child poverty strategy, and; and for English local authorities to have regard to these arrangements when preparing Sustainable Community Strategies.<sup>171</sup>

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<sup>166</sup> Ibid

<sup>167</sup> Action for Children, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>168</sup> Dr Ingrid Wolfe (Royal College of Paediatricians and Child Health), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>169</sup> Dr Kitty Stewart (London School of Economics), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>170</sup> Scottish Directors of Public Health and NHS Scotland, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>171</sup> National Archives, Child Poverty Act 2010, Explanatory Notes, Commentary on Sections and Schedules, Part 2, Sections 21-23, <http://bit.ly/207S1PA>

106. Dr Stewart told the APPG that with the income measures and targets removed, it is even more imperative for national and local strategies to tackle child poverty. She warned that removal of the local authority duty to undertake a child poverty needs assessment, which itself might address in part the very areas that the Government wish to focus on (e.g. worklessness and educational attainment), represents a very serious threat to achieving progress against those objectives.<sup>172</sup>
107. Dr David Taylor-Robinson agreed, and underscored that in this context, steep, 3.9% annual cuts to local authority funding until 2020/21, will make the child poverty strategies “even more important because they are a means by which you can galvanise support locally across the different organisations.” Dr Taylor Robinson noted the success of the Child Poverty Strategy in Liverpool in bringing together local agencies to see how they might pool resources to mitigate some of the effects of the cuts” on child poverty and health.<sup>173</sup>
108. The APPG heard that child poverty needs assessment and joint child poverty strategies are, in the context of the movement of responsibility for 0-5 year old services from the NHS to the local authority more important than ever.<sup>174</sup> Mr Benjamin Barr of Liverpool University told the APPG of a recent assessment which detailed the negative impact of the cuts on the delivery of services of local children’s centres.<sup>175</sup>
109. The removal of the requirement to come up with child poverty strategies locally in future, Ms Garnham concluded, would be “a terrible shame. Local authorities have taken it very seriously and there has been lots of good practice, including local child poverty commissions and local fairness commissions. They’ve been very creative, they’ve looked at health and public health, they’ve looked at early years, they’ve looked at instituting the living wage, at green spaces – at all sorts of policies made to tackle things in the local area to make things better for people.”<sup>176</sup>
110. The Aneurin Bevan Health Board told the APPG that in Wales there are already good measures used locally that could be included in the Government’s Life Chances Strategy to drive progress across the country. By way of example, it noted the Early Years Foundation Stage profile which would provide a much needed indicator of year-on-year progress for every regional area. It also highlighted local authority Anti-Poverty Champions as key in driving the agenda to tackle child poverty.<sup>177</sup>
111. The Board further described that in the Welsh context, local action plans have been developed, and local work will be further enhanced by actions to be undertaken to address the Wellbeing of Future Generations Act – which has clear links with tackling poverty.<sup>178</sup> The Board noted that “as Public

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<sup>172</sup> Dr Kitty Stewart (The Joseph Rowntree Foundation), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>173</sup> Dr David Taylor-Robinson (Liverpool University), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>174</sup> Ibid

<sup>175</sup> Benjamin Barr (Liverpool University), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>176</sup> Alison Garnham (Child Poverty Action Group), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>177</sup> Aneurin Bevan University Health Board, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>178</sup> Ibid.

Service Boards work towards the seven wellbeing goals, wider determinants of health and wellbeing (such as employment) will be addressed for the long term.”<sup>179</sup>

## Conclusions

112. The proposed inclusion of measures of educational attainment and worklessness was welcomed by our witnesses. However, we also heard unanimous agreement that while there exists a positive correlation between worklessness, educational attainment and poverty; neither are *indicators nor measures* of poverty.
113. As Professor Bradshaw notes, while “the risk of being poor is greater in workless families...two thirds of poor children have a parent in employment.” And, while “poor children have lower educational attainment on average, many don’t and some rich children do.”<sup>180</sup> To abolish the existing measures of income that allow us to track progress against the targets would be detrimental to addressing child poverty.<sup>181</sup> All agreed that there is “no logical explanation to stop measuring such an important direct indicator of harm to children.”<sup>182</sup> To do so, we heard, would be to censor child poverty.
114. The APPG is reminded that the Secretary of State already has a duty to prepare a Child Poverty Strategy, which considers not only the four income measures and targets, but further ‘multidimensional’ measures that include: promotion of parental employment and skills; provision of financial support for children and parents; provision of information, advice and assistance to parents and promotion of parenting skills; physical and mental health, education, childcare and social services, and; housing, the built or natural environment and the promotion of social inclusion.<sup>183</sup>
115. This inquiry commends the recommendations outlined within the 1,001 Critical Days Cross Party Manifesto<sup>184</sup>. Its vision, for the provision of services in the UK for the early years period is based on the “moral, scientific and economic case for the importance of the conception to age two period.”<sup>185</sup> It recognises that this period is absolutely vital if a child’s life chances are to be increased for babies to have the best possible start in life.<sup>186</sup>
116. The 1,001 Critical Days Manifesto is clear that “every child deserves an equal opportunity to lead a healthy and fulfilling life.”<sup>187</sup> Since poverty in itself is a causal factor of worse child outcomes, it follows that any new life chances legislation should pay particular attention to the relationship between poverty and early years development. Failing to do so would also represent poor value for

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<sup>179</sup> Ibid

<sup>180</sup> Professor Jonathan Bradshaw, University of York, Social Policy Unit, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>181</sup> Dr Ingrid Wolfe (Royal College of Paediatrics and Child Health), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>182</sup> Ibid.

<sup>183</sup> National Archives, Child Poverty Act 2010, Part 1, Strategies: duties of Secretary of State, Sections 9 and 10, <http://bit.ly/1SW8Ta2>

<sup>184</sup> 1,001 Critical Days, The 1,001 Critical Days: The Importance of the Conception to Age Two Period: A Cross-Party Manifesto, ND, Available at: <http://bit.ly/1CB6BX6>

<sup>185</sup> Ibid

<sup>186</sup> Ibid

<sup>187</sup> Ibid

money. Investment in high quality early care and education delivers significant future societal savings.<sup>188</sup> To measure educational attainment by Key Stage 4 (16 years old) will be simply too late.

117. The Bill as proposed by the Government presents a significant and serious risk of increasing levels of child poverty. It is therefore also very likely to adversely impact on population level child health. One witness starkly likened child poverty to an “environmental pollutant that [has] a toxic effect on children and their life chances.”<sup>189</sup> Were such a pollutant released into the atmosphere, the Government would act upon it. The APPG urges the Government to act on child poverty today, and to not censor a generation of children. We therefore recommend that:

### Recommendations

1. The existing measures and targets of child poverty as outlined within the Child Poverty Act 2010 should be maintained;
2. The existing duty on local authorities to produce a child poverty needs assessment and to work collaboratively to eradicate child poverty should be retained;
3. The duty on local authorities and their partners to co-operate to tackle child poverty in their area; carry out an assessment of the levels of child poverty in that area; and to prepare a joint local child poverty strategy should be preserved;
4. English local authorities should have regard to these arrangements when preparing Sustainable Community Strategies.<sup>190</sup>
5. The existing duty on the Secretary of State to develop a national strategy for tackling child poverty should be retained
6. The Bill should include a provision to publish a life chances strategy that addresses all ages across the life-course, including early years, and maps a path towards progress;
7. A full, evidence based, impact assessment and evaluation of the Chancellor’s annual budget statement as it relates to child poverty and inequality should be a statutory requirement;
8. The next Child Poverty Strategy should be focused on health inequalities and supported by cross-government departments;
9. The next Child Poverty Strategy should define a cross-departmental Child Health Strategy, agree measurable targets to evaluate progress, and appoint a Children’s Minister to coordinate and direct integration across health, education, and social care;

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<sup>188</sup> Action for Children, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>189</sup> Dr David Taylor-Robinson, Submission of Oral Evidence to the APPG on Health in All Policies, January 2016

<sup>190</sup> National Archives, Child Poverty Act 2010, Explanatory Notes, Commentary on Sections and Schedules, Part 2, Sections 21-23, <http://bit.ly/207S1PA>



- 10.** The Bill must include a measure on the level of development children have achieved by age five in addition to the measure on GCSE attainment;
- 11.** The Government should ensure that the impact assessments of these, and all other elements of the Bill, properly consider the Government's duties under [Section 149 of the Equality Act 2010](#) and any international legal duties to which the UK is signatory.

## Chapter Three: The benefits cap, four year benefits freeze and changes to the Universal Credit Work Allowance

### Headline messages:

- The Bill proposes to lower the benefit cap applied to families on Universal Credit (or who move onto UC from tax credits as a result of a change of circumstances) and impose a four-year freeze on benefits.
- These changes are likely to push many thousands more children into poverty with all the well-evidenced detrimental impacts on their health, wellbeing and life-chances.

### Recommendations

- Work should always pay more than social security support. But it currently doesn't, and children should not be penalised by further lowering the benefit cap.
- The Secretary of State should lay before both Houses of Parliament an assessment of the cumulative impact and an equalities impact of tax credit and benefit reforms announced in Summer Budget 2015 on working families.
- The link between welfare benefits and national median earnings should be preserved.
- The four year benefits freeze should be removed.
- Any change to the benefit cap should be subject to parliamentary scrutiny before the Secretary of State's decision is made, including on the impact on child poverty and health.
- The criteria upon which the yearly benefit cap review process is undertaken by the Secretary of State should be very clearly defined. It should consider the impact of inflation and the national economic situation.
- Housing Benefit for under 21 year olds should not be removed.
- The Universal Credit withdrawal rate should be reduced to 55% as originally intended in order to truly make work pay. Measures to introduce in-work conditionality should be repealed.
- The Government should ensure that the impact assessments of these, and all other elements of the Bill, properly consider the Government's duties under Section 149 of the Equality Act 2010 and any international legal duties to which the UK is signatory.

## Current legislation

118. The APPG considers that the Bill as proposed by the Government presents a significant and serious risk of increasing levels of child poverty. It is therefore also very likely to adversely impact on population level child health. One witness starkly likened child poverty to an “environmental pollutant that [has] a toxic effect on children and their life chances.” Were such a pollutant released into the atmosphere, the Government would act upon it. The APPG urges the Government to act on child poverty today, and to not censor a generation of children. We therefore recommend that:
119. In accordance with sections 96 and 97 of the Welfare Reform Act 2012, there is a benefits cap on the total amount of benefit that most people aged 16 to 64 can receive.<sup>191</sup> This applies to the total amount that the people in a household may receive across a range of benefits, that include (though not exclusively) Child Benefit, Child Tax Credit, Universal Credit, Employment and Support Allowance (support component), Housing Benefit, Jobseeker’s Allowance; and Carer’s Allowance.<sup>192</sup>
120. The level of the cap is currently set at £500 a week (£26,000 a year) for couples (with or without children living with them), £500 a week for single parents whose children live with them (£26,000 a year) or £350 a week (£18,200) for single adults who do not have children, or whose children don’t live with them. The amount a claimant may receive for certain benefits will go down to make sure that the total amount received does not exceed the cap level.<sup>193</sup>
121. At present, if the total amount of welfare benefits exceeds the cap, the local authority will reduce the level of a claimant’s entitlement to Housing Benefit. However, the benefit cap will steadily be applied to those in receipt of Universal Credit.
122. A claimant is not affected by the benefit cap if anyone in their household qualifies for Working Tax Credit or receives any of a range of benefits that includes (although not exclusively), Disability Living Allowance; Personal Independence Payment, Attendance Allowance; or Employment and Support Allowance, (support component).<sup>194</sup>
123. Sections 96 and 97 and section 150 of the Social Security Administration Act 1992 stipulate that the level of the cap should be determined with reference to estimated average weekly earnings and that the Secretary of State should review the level of the cap in each tax year to see whether its relationship with average earnings has changed. Following the review, the Secretary of State would be able to increase or reduce the level of the cap, if they decided it was appropriate to do so.<sup>195, 196</sup>

## Proposals under the Welfare Reform and Work Bill 2015-2016

124. Clause 7 of the Welfare Reform and Work Bill 2015-2016 will lower the benefit cap. The total benefit to which a family on out of work benefits is entitled to in a year will not exceed £20,000 for couples

<sup>191</sup> National Archives, Welfare Reform Act 2012, Part 5, Sections 96-97, Benefit cap <http://bit.ly/1RtQ4LN>

<sup>192</sup> National Archives, The Benefit Cap (Housing Benefit) Regulations 2012, <http://bit.ly/2387IOF>

<sup>193</sup> Gov.uk, Benefit Cap, September 2015, <http://bit.ly/1yYgGwD>

<sup>194</sup> Gov.uk, Benefit Cap, September 2015, <http://bit.ly/1yYgGwD>

<sup>195</sup> National Archives, Welfare Reform Act 2012, Part 5, Sections 96-97, Benefit cap <http://bit.ly/1RtQ4LN>

<sup>196</sup> National Archives, Social Security Administration Act 1992, Part X, Section 150, <http://bit.ly/1ZtuaHM>

and lone parents (£385 a week), and £13,400 for single claimants (£258), except in Greater London where the cap is set at £23,000 (£442 a week) and £15,410 respectively (£296 a week).<sup>197</sup>

125. Clause 8 The Welfare Reform and Work Bill 2015-2016 will remove the link between the level of the cap and average earnings and the requirement for the Secretary of State to review the cap each year, replacing it with the requirement that the Secretary of State must review the cap at least once in each Parliament and allowing the Secretary of State to review it more regularly at his discretion.<sup>198</sup>
126. Clauses 9 and 10 will freeze certain benefits and tax credit amounts for four tax years will from April 2016 be introduced, running until 2019/20. This will apply to:
- The main rates of Income Support, Jobseeker's Allowance, Employment and Support Allowance (ESA), Housing Benefit and Universal Credit;
  - The Work-Related Activity Group of ESA, the Work-Related Activity Component of Housing Benefit and the Limited Capability for Work element of Universal Credit;
  - The individual element of Child Tax Credit payable to a child or qualifying young person who is not disabled or severely disabled;
  - The basic, 30 hour, second adult and lone parent elements of working tax credit, and;
  - Both elements of Child Benefit, that is the "enhanced rate" for the eldest child and "any other case" for any other child.<sup>199</sup>

### **The Government's rationale for these proposed changes**

127. The Department for Work and Pensions (DWP) on behalf of the Government undertook Impact Assessments of both the benefits cap and four year benefits freeze. These outline the rationale for these proposals. Within the Impact Assessment, it state that the aim is to transform lives "by supporting people to find and keep work." The changes to the benefit cap will, the DWP states, "support [its] ambition of moving to full employment."<sup>200</sup>
128. The Government is proposing further lower the benefits cap on a tiered basis as it believes this will promote greater fairness between those on out of work benefits and tax payers in employment, whilst providing support to the most vulnerable. It is part of a tranche of measures aimed at tackling the overall budget deficit. The DWP project that the benefit cap would deliver a saving, in cash terms, at UK level of approximately £100m in 2016/17, £310m in 2017/18, £360m in 2018/19, £405m in 2019/20 and £495m in 2020/21.
129. The DWP outlines similar objectives in relation to the four year benefits freeze, building the incentive for people to make the choice to move into work. DWP's modelling projects that the freeze will deliver a £3.5 billion saving in 2019/20, and continue to deliver from that point as a result of the lower base level.

<sup>197</sup> House of Lords, Welfare Reform and Work Bill 2015-2016, Clause 7, Benefit Cap, <http://bit.ly/1SggFTx>

<sup>198</sup> House of Lords, Welfare Reform and Work Bill 2015-2016, Explanatory notes, Benefit cap, paragraph 22, <http://bit.ly/1PA7z7k>

<sup>199</sup> House of Lords, Welfare Reform and Work Bill 2015-2016, Explanatory notes, Freeze of certain social security benefits and certain tax credit amounts for four tax years, paragraphs 23-26, <http://bit.ly/1PA7z7k>

<sup>200</sup> Department of Work and Pensions, Welfare Reform and Work Bill: Impact Assessment for the benefit cap, July 2015. Available at: <http://bit.ly/1UU4i8o>

130. However, as we outline in further detail below, the basis of the Government's position that the benefit cap will help people move to full employment is a 2014 evaluation which the UK Statistics Authority had at that time strongly criticised: "use of the available numerical evidence does not demonstrate a particularly strong causal link between the benefit cap and the decisions made by individuals about moving into work."<sup>201</sup> An analysis of the existing cap by the Institute of Fiscal Studies notes that only 4.7% of those capped moved into work.<sup>202</sup>
131. The DWP's own analysis reveals that 35% of households have, as a consequence of the existing household benefits cap, spent less on household essentials. The EHRC warn that this is likely to be exacerbated under proposals set out in the Bill to further lower the cap.<sup>203</sup>
132. The Department for Work and Pensions, in its Impact Assessment of the Bill, indicates that 90,000 more children will face poverty as a direct consequence of the decision to lower the cap.<sup>204</sup> The Children's Society estimate that this may be as much as 140,000.<sup>205</sup>
133. The biggest losses are felt by households that also claim Child Tax Credit. One-fifth of families affected by cuts to Child Tax Credit earn over £20,000 a year, and 63% are in work. A couple with two children on low incomes of £600 a week lost £513 in 2015 as a result of uprating decisions since 2012.<sup>206</sup>
134. The current cap does not sufficiently cover housing costs, particularly in London and the South East. In 2015 in London alone 10,500 families were affected by the benefits cap, with a third losing £100 a month, and 2,400 losing more than £400 a month.<sup>207</sup>
135. The Child Poverty Action Group have informed the APPG that the Universal Credit (Work Allowance) Amendment Regulations 2015 will mean working couples with children in rented housing will lose around £830 per year, and non-renters almost £1700 per year; while lone parents, CPAG estimate, will lose £1,150 per year if renting and over £3,200 if not.<sup>208</sup>
136. An analysis by the Equality Trust estimated that the marginal tax rate on Universal Credit increases to 76% from 73% under the current tax credit system; for every additional £1 earned people on low pay will receive just 24p, contrasting with 53p retained by the top 1% earners.<sup>209</sup>

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<sup>201</sup> UK Statistics Authority, Letter to the National Institute of Economic and Social Research, Statistics on Housing Benefit and the Benefit Cap, December 2014, <http://bit.ly/1Q29Nm7>

<sup>202</sup> Institute for Fiscal Studies, Coping With the Cap, December 2014, <http://www.ifs.org.uk/publications/7482>

<sup>203</sup> Equality and Human Rights Commission, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>204</sup> Department of Work and Pensions, Welfare Reform and Work Bill: Impact Assessment for the benefit cap, July 2015. Available at: <http://bit.ly/1UU4i8o>

<sup>205</sup> The Children's Society, Numbers and proportions of children affected by the benefit cap, ND. Available at: <http://bit.ly/1SGftRw>

<sup>206</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>207</sup> Sovereign Housing, Written Submission of Evidence to the Welfare Reform and Work Public Bill Committee, October 2015, <http://bit.ly/1NWXt5h>

<sup>208</sup> Ibid

<sup>209</sup> The Equality Trust, The Aspiration Tax: How our social security system holds back low paid workers, February 2016, <http://bit.ly/1PHdHyx>

## Evidence of the impacts on child poverty

### The Benefit cap

137. Although the DWP's Impact Assessment of Clause 7 affirms a causal link between implementation of the existing cap and likelihood claimants affected will enter work, the APPG notes with concern that the basis of this position is a 2014 evaluation which the UK Statistics Authority (UKSA) had at the time strongly criticised. UKSA stated: "use of the available numerical evidence does not demonstrate a particularly strong causal link between the benefit cap and the decisions made by individuals about moving into work."<sup>210</sup>
138. Evidence from the Child Poverty Action Group (CPAG) further casts doubt about the benefit cap on this "false premise" of delivering incentives to work. It outlines that even without the cap, a "lone parent with four children would be £105.42 better off working 16 hours a week on the minimum wage than on out of work benefits."<sup>211</sup> In turn, the Institute for Fiscal Studies, in its analysis of the existing cap, notes that only 4.7% of those capped moved into work.<sup>212</sup>
139. Of perhaps greater concern, however, the Equality and Human Rights Commission (EHRC) has made clear that the proposed lowering of the benefits cap (and the four year benefits freeze) are likely to have serious – and harmful – impacts on children, women and disabled people.<sup>213</sup> The Royal College of Paediatrics and Child Health shares this position. Dr Ingrid Wolfe, speaking on behalf of the RCPCH, told the APPG that the RCPCH strongly advocate the removal of the benefit cap.<sup>214</sup>
140. The EHRC has recommended that the Government reviews the Bill in the context of its international obligations under the UN Convention on the Rights of the Child. Given the DWP's own analysis, which reveals that 35% of households have, as a consequence of the existing household benefits cap, spent less on household essentials, the EHRC warn that this is likely to be exacerbated under proposals set out in the Bill to further lower the cap.<sup>215</sup>
141. The EHRC is unconvinced by the Government's rationale that "refocusing action from the symptoms of child poverty (income) to the root causes (worklessness and poor educational attainment) will "make real lasting difference to children's lives." It draws attention to *SG v Secretary of State*, in which a majority of Supreme Court judges signalled that the decision to lower the benefit cap was not taken on the basis of adequate consideration of the best interests of the child.<sup>216</sup>
142. Lady Hale, in her judgment, was unequivocal in stating that proper interpretation of Article 3(1) of the UN Convention on the Rights of the Child is such that the benefit cap cannot:

<sup>210</sup> UK Statistics Authority, Letter to the National Institute of Economic and Social Research, Statistics on Housing Benefit and the Benefit Cap, December 2014, <http://bit.ly/1Q29Nm7>

<sup>211</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>212</sup> Institute for Fiscal Studies, Coping With the Cap, December 2014, <http://www.ifs.org.uk/publications/7482>

<sup>213</sup> Equality and Human Rights Commission, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>214</sup> Dr Ingrid Wolfe (Royal College of Paediatricians and Child Health), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>215</sup> Equality and Human Rights Commission, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>216</sup> Ibid

*“...possibly be in the best interests of the children affected by the cap to deprive them of the means to provide them with adequate food, clothing, warmth and housing, the basic necessities of life.*

*It is not enough that children in general, now or in the future, may benefit by a shift in welfare culture if these are also the consequences. Insofar as the Secretary of State relies upon this as an answer to article 3(1), he has misdirected himself.”<sup>217</sup>*

143. Lord Carnwath, speaking in the same case, concluded that the cap:

*“...has the effect that for the first time some children will lose these benefits for reasons that have nothing to do with their own needs, but are related solely to the circumstances of their parents.”<sup>218</sup>*

144. The Supreme Court has accepted “that the benefit cap disproportionately affects lone parents, who are overwhelmingly women.” CPAG assert that it would have been likely to contravene Article 14 of the European Convention on Human Rights on that basis had it not been within the UK’s margin of appreciation in matters of social welfare. Notwithstanding this, the judgment represents a serious challenge to the proposal to reduce the cap further – and to remove the link between the level set and average earnings – setting the level instead in primary legislation.<sup>219</sup>

145. In *SG v Secretary for State*, Lord Carnwath, “stated his hope that the Government would reconsider the effect on children when it reviews the cap.” However, CPAG also reflect that since the UNCRC is not directly incorporated into UK law the matter remains in the political rather than legal jurisdiction.<sup>220</sup>

146. CPAG has also raised concerns in relation to the risk that the benefit cap may pose to Article 8 of the ECHR (the right to respect for family and private life). The reduced level of the cap may push households in larger families well “below the destitution line for the minimum support provided to asylum seekers.” This risk, CPAG outline, would similarly apply to Universal Credit, in view of the loss of income families may experience that is directly intended for subsistence as well as housing costs.<sup>221</sup>

147. The APPG heard from the Royal College of Paediatrics and Child Health that in 2015 approximately 2.6 million children were living in absolute poverty, a figure higher than in many other European Countries. The children of single parents, or children with two or more siblings, the RCPCH informed us, are particularly at risk. Welfare benefits are a key source of income for the country’s poorest

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<sup>217</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016 (JCHR)

<sup>218</sup> Ibid

<sup>219</sup> Ibid

<sup>220</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016 (JCHR)

<sup>221</sup> Ibid

households, and accounted for up to 56% of the income for the poorest fifth of the national population in 2013-14.<sup>222</sup>

148. Dr Hopkins expressed her deep concern to the APPG at the removal of the link between average median earnings and the level at which the benefit cap is set, or in other words “what families need to live on and what they receive.” The proposal to further lower through primary legislation the benefit cap risks depriving “more children of the means for basic necessities such as food, warmth and housing.”<sup>223</sup>
149. Whilst Clause 8 provides that the Secretary of State must review the cap at least once in each Parliament, taking account of the national economic situation (and at any other time should they feel it warranted); the APPG has heard serious concerns that the Bill “lacks clarity over the criteria that will be used to determine the level of the cap in future.” The MND Association have, in their submission of evidence to the Public Bill Committee, described this as a “dangerously vague specification.”<sup>224</sup>
150. To date at least 230,000 children (compared with 92,000 adults) have been affected by the benefit cap. 63% of those capped households, CPAG emphasise, contain a child under five.<sup>225</sup> The Department for Work and Pensions, in its Impact Assessment of the Bill, indicates that 90,000 more children will face poverty as a direct consequence of the decision to lower the cap.<sup>226</sup> The Children’s Society estimate that this may be as much as 140,000.<sup>227</sup>
151. As an immediate consequence, CPAG outline, parents may be unable to meet the basic, essential needs of their children. They underline that at its present level, a couple with two children who are affected by the cap “receive benefits worth just 61% of the poverty line.” Furthermore, 85% of families affected, “are not otherwise expected to work due to disability, ill-health or young children;” while 56% are lone parent families – already at twice the risk of poverty than couple families.<sup>228</sup>

### **The four year benefit freeze**

152. Whilst lowering the cap will seriously impact on many, often vulnerable, families who will be affected by it, the four year benefit freeze that have an even wider impact. According to the Institute of Fiscal Studies, the freeze will impact negatively upon 13 million families, 7.4 million of whom are in work – and reliant on state support.<sup>229</sup> Should inflation further increase the prices of essentials, such as housing, the APPG is concerned that the freeze will be particularly burdensome.

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<sup>222</sup> Dr Sharon Hopkins, oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>223</sup> Ibid

<sup>224</sup> Motor Neurone Disease Association, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>225</sup> Alison Garnham (Child Poverty Action Group), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>226</sup> Department of Work and Pensions, Welfare Reform and Work Bill: Impact Assessment for the benefit cap, July 2015. Available at: <http://bit.ly/1UU4i8o>

<sup>227</sup> The Children’s Society, Numbers and proportions of children affected by the benefit cap, ND. Available at: <http://bit.ly/1SGftRw>

<sup>228</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>229</sup> Institute for Fiscal Studies, IFS Post-Budget Analysis: Benefit changes and distributional analysis. Available at: <http://bit.ly/1eJHKWW>



153. Benefits have been frozen for the first three years of the last Parliament, then uprated by 1% for the remaining two years. CPAG underline that Child Benefit has lost 15% of its value compared to Retail Price Index uprating over the last Parliament, or, for a family with two children, £900. These losses increase year on year – the family have lost £271 in 2015/16 alone. The cuts to Child Benefit have affected 4.1 million families and 7.7 million children.<sup>230</sup>
154. The biggest losses are felt by households that are also claiming Child Tax Credit. 1/5 families affected by cuts to Child Tax Credit earn over £20,000 a year, while 63% are in work. A couple with two children on low incomes of £600 a week lost £513 in 2015 as a result of uprating decisions since 2012.<sup>231</sup> Many families have cut back on essential goods including food as a consequence. The IFS concludes that “benefit cuts put upward pressure on absolute poverty for working-age households – including those in work – and nearly two thirds of children in poverty live in working families.”<sup>232</sup>
155. Research by the Joseph Rowntree Foundation shows that despite low inflation placing downward pressure on the prices of many essentials, the cost of others such as private rent and child care have continued to rise by 2% and 2.4% respectively to April 2015. These increases follow a prolonged period of above-inflation increases in the costs of essential goods and services, which impacts families, and therefore children, at the bottom of the income distribution.<sup>233</sup>
156. Barnardo’s told the APPG that “when inflation is high it is often poorer families who suffer the most – particularly on essential items such as food and fuel.” Their research illustrates that many families hit by rising costs are forced to make difficult choices, for example on whether they can afford to feed their children fresh fruit and vegetables or keep their houses at an acceptable level of warmth.” The Bill should be amended to allow for a review of the decision to freeze benefits should inflation rise.<sup>234</sup>
157. Children living in poverty, Dr Sharon Hopkins, Director of Public Health with Cardiff and Vale University Health Board, explained in written evidence, are “already almost twice as likely to live in poor housing which can affect their physical and mental health and educational achievement.”<sup>235</sup> In her analysis, those families affected will be at increased risk of falling behind in rent payments and being made homeless. RCPCCH agreed, and told the APPG that lowering the cap will mean “that children, who are over-represented in low-income households, will be most detrimentally affected”<sup>236</sup>
158. Dr Hopkins stressed that the benefit cap of £23,000 “will mean that in 75% of areas in England housing will be unaffordable for couples with three children (based on three bedrooms in the private

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<sup>230</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>231</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>232</sup> Institute for Fiscal Studies, Nearly two-thirds of children in poverty live in working families, July 2015, <http://www.ifs.org.uk/publications/7880>

<sup>233</sup> Joseph Rowntree Foundation, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>234</sup> Barnardo’s, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>235</sup> Dr Sharon Hopkins (Director of Public Health), Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>236</sup> Royal College of Paediatrics and Child Health, Written Submission of Evidence to the APPG on Health in All Policies Inquiry into child poverty and health, January 2016, <http://bit.ly/20gtfei>

sector).” In 38% of areas housing will be unaffordable for lone parents with three children – likely to be higher still with a benefit cap of £20,000 outside London.<sup>237</sup>

159. Freezing local housing allowance rates (which determine housing benefit entitlement for the private rented sector) will, CPAG have told this inquiry, “have a particularly detrimental effect on housing affordability in some areas.” It emphasises that since 2013, the link between market rates and housing benefit has been broken. Instead the local housing allowance has been uprated by 1%, distorting the relationship between rent and housing benefit entitlement.<sup>238</sup>
160. In areas where rent rises fastest, the impact is acute. In London, rent increased 19%, 2011-14, compared with 1% in the North West. The impact of such unaffordable rent increases manifests itself in people being forced to relocate to different, less expensive areas, with children moving schools and potential loss of local support networks and, potentially the loss of jobs.<sup>239</sup>
161. CPAG outline that lone parents with young children are less likely than other groups to move off the cap. They refer to the government’s estimates that 59% of those who will have their benefits reduced by the cap will be single female parents.<sup>240</sup> It is of concern that families in temporary accommodation, including women and children who have fled domestic abuse, may be severely affected due to their high housing costs. CPAG further notes that the reduction in the level of the cap has made it “difficult – and in some cases impossible” for local authorities to fulfil their duty under the Homelessness Act 2010.<sup>241</sup>
162. Sovereign Housing note that the current cap does not sufficiently cover housing costs, particularly in London and the South East. They stress the impact the cap is having on the approximately 2,426 households they manage, containing 6,301 children, who will lose an average of £60 per week as a result. Furthermore, in 2015 in London alone 10,500 families were affected by the benefits cap, with a third losing £100 a month, and 2,400 losing more than £400 a month.<sup>242</sup>
163. In turn, Shelter highlight in some areas the gap between Local Housing Allowance rates and rents will be “so great that housing benefit claimants will be unable to find anywhere affordable.” By 2019, it outlines, “60 local authorities will be very unaffordable and virtually off limits to LHA claimants – meaning their support will be insufficient to cover the rent for less than one in ten homes in that area...For many, accepting overcrowded or very poor quality accommodation will be the only way to stay in their local area.”<sup>243</sup>

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<sup>237</sup> Dr Sharon Hopkins (Cardiff and Vale University Health Board), Oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>238</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>239</sup> Ibid

<sup>240</sup> Department of Work and Pensions, Welfare Reform and Work Bill: Impact Assessment for the benefit cap, July 2015. Available at: <http://bit.ly/1UU4i8o>

<sup>241</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>242</sup> Sovereign Housing, Written Submission of Evidence to the Welfare Reform and Work Public Bill Committee, October 2015, <http://bit.ly/1NWXT5h>

<sup>243</sup> Shelter, Written Submission of Evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015, <http://bit.ly/1SAFBPw>

### Benefit sanctions

164. In addition to concerns raised in relation to the freeze in benefits, the APPG heard from a number of organisations concerned by the impact of benefits sanctions. The APPG notes the Work and Pensions Select Committee's view that "the sanctions regime, as currently applied, does not always" effectively use safeguards to protect the vulnerable, is not always fair and proportionate, and does not always effectively mitigate the risks of severe financial hardship.<sup>244</sup>
165. Evidence submitted from the Centre for Health and Inequalities Research at the University of Durham, which, on the basis of 18 months in-depth ethnographic research, told us that "when benefits are either delayed or underpaid, this can result in people resorting to foodbanks for emergency food as a coping mechanism." This, the Centre explained, "can have a detrimental impact upon child poverty and health."<sup>245</sup>
166. For families with children, "adding a benefits delay to their already multiple, complex problems can aggravate existing health problems further." The Centre draws attention to increased risk of fuel poverty, particularly in relation to pre-payment meters. Children living in a cold home are over twice as likely to suffer from breathing problems as those in warm homes, while "many living in colder properties end up with long term health issues, or have to be hospitalised." Furthermore, people using foodbanks "report being unable to source a healthy diet which could result in health problems for their children."<sup>246</sup>

### Entrenched inequalities as a consequence of poverty

167. As children age, so these inequalities are more likely to become entrenched. Lowering the benefit cap, particularly for those in the lowest quintile households, may operate not only as a disincentive to work – but actively make harder and entrench difficulties in making the transition into work. NHS Health Scotland explained that the causal relationship between child poverty and poorer child health seriously compromises:
- "...the ability of affected children to work and earn as adults and intergenerational and within-generation social mobility."<sup>247</sup>
168. NHS Health Scotland drew attention to the 2008 Millennium Cohort Study, which determined that 9.2% of mothers and 8.2% of fathers living in poverty in the UK reported having emotional problems limiting work or study "quite a lot" compared to 3% of mothers and 2% of fathers not living in poverty. We are concerned in particular about the impact of this policy on socio-economic disadvantage and health inequalities during the early years.<sup>248</sup>

<sup>244</sup> Work and Pensions Select Committee, Benefit sanctions policy beyond the Oakley Review, March 2015, <http://bit.ly/1og46og>

<sup>245</sup> University of Durham, Centre for Health Inequalities Research, Written Submission of Evidence to the APPG on Health in All Policies inquiry into the impact of the Welfare Reform and Work Bill 2015-16 on Child Poverty and Health

<sup>246</sup> Ibid.

<sup>247</sup> Scottish Directors of Public Health and NHS Health Scotland, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>248</sup> Ibid.

169. The causal relationship between increased child poverty and poorer child health is well established. NHS Health Scotland and Scottish Directors of Public Health told the inquiry that health outcomes and determinants for children and young people in Scotland are strongly patterned by income. In evidence submitted to this inquiry, they showed that while just 2% of children in Scotland in the highest income quintile households had bad/very bad health, this increased to 6% in the second lowest income quintile and 8% in the lowest quintile.<sup>249</sup>
170. NHS Health Scotland further outlined the impact of “adverse and complex social factors experienced during pregnancy,” which have the earliest impact on the health of the infant and their mother. The APPG heard that the “association between parental mental health and child health outcomes is well established,” and paternal mental health is heavily influenced by income. The APPG was struck by NHS Health Scotland’s powerful summation that “in short, money matters.”<sup>250</sup>

### **Evidence of the impacts on child poverty of the Universal Credit (Work Allowance) Amendment Regulations 2015**

171. Related to the benefit cap, the APPG also sought to understand the impact of the Universal Credit (Work Allowance) Amendment Regulations 2015<sup>251</sup> on levels of family income and thus child poverty. The Work Allowance is the amount of income that Universal Credit claimants can earn before their Universal Credit award is tapered away. It is the equivalent of the income threshold in tax credits. The Summer Budget 2015 announced the Government’s plans to reduce in April 2016 the income threshold of the work allowances of Universal Credit. This measure was introduced via a Statutory Instrument.<sup>252</sup>
172. The APPG is concerned that the Department for Work and Pensions has not undertaken an Impact Assessment of these changes to the Work Allowance element of Universal Credit. We draw attention again to the SSAC, which has expressed concern “about whether there was an adequate evidence base to assess and evaluate the changes.”<sup>253</sup>
173. On amendments to Universal Credit Work Allowances, the Social Security Advisory Committee (SSAC), an independent statutory body that provides impartial advice on social security and related matters, has raised concerns about these cuts. In particular, it noted that the core principle underpinning Universal Credit, that everyone should be better off in work than on social security would potentially be undermined by these cuts.<sup>254</sup>
174. These concerns are supported by analysis from the Equality Trust, who have estimated that the marginal tax rate on Universal Credit increases to 76% from 73% under the current tax credit system;

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<sup>249</sup> Ibid.

<sup>250</sup> Ibid.

<sup>251</sup> National Archives, The Universal Credit (Work Allowance) Amendment Regulations 2015, September 2015, <http://bit.ly/1XaVI5a>

<sup>252</sup> HM Treasury, Summer Budget 2015: Key announcements, July 2015, <http://bit.ly/1TI9650>

<sup>253</sup> Social Security Advisory Committee, Letter to Universal Credit Policy Division, Department for Work and Pensions, September 2015, <http://bit.ly/1Q0bSbU>

<sup>254</sup> Social Security Advisory Committee, Letter to Universal Credit Policy Division, Department for Work and Pensions, September 2015, <http://bit.ly/1Q0bSbU>

for every additional £1 earned people on low pay will receive just 24p, contrasting with 53p retained by the top 1% earners.<sup>255</sup>

175. Analysis undertaken by the Institute of Fiscal Studies<sup>256</sup> also reinforces concerns about financial ‘winners’ (one-earner couples with children) and ‘losers’ (single parents, two-earner families) under Universal Credit, incentivising workless households but disincentivising one-earner families. The IFS estimate that 3.2m households will be £1800 a year worse off. Various analyses on the actual reductions in household income of different families has also been estimated; for example, Liverpool Economics estimates that a single parent with two children will lose £2400 pa and disabled people £2000 pa.<sup>257</sup>
176. In relation to the failure of the Government to provide a full Impact Assessment in relation to the Work Allowances Regulations, Alison Garnham, Chief Executive of the Child Poverty Action Group, told the APPG that when Universal Credit was initially implemented the Government’s Impact Assessments suggested “it would reduce child poverty by something like 300,000.”<sup>258</sup> However, Ms Garnham remarked that the Government has stopped producing those figures around two years ago – and that:

*“...the work allowance...[ has] done away with the last vestiges of the claim that it’d make work pay – because for many families it will not, particularly families with a second earner or a lone parent. For them, the losses are really severe.”<sup>259</sup>*

177. The first annual report of the Social Mobility and Child Poverty Commission agrees with CPAG’s analysis and warns that “it will be very difficult for many affected families to increase their hours of work and hourly pay to avoid big cuts to their incomes compared to the current system.” The Commission outlines that:

*“The combined effect of income tax, National Insurance and the Universal Credit taper will mean that Universal Credit claimants who pay income tax will only keep 24% of any increase in their earnings:*

*This means, [for example, that a lone] parent working full time on the minimum wage who receives no support for their housing costs will have to increase their earnings by £210 per week – or 72% of expected gross full-time earnings at the minimum wage in 2020 – to make up the income losses they will face as a result of the reduction in their work allowance.*

*The £39 per week increase they will see in their earnings as a result of the introduction of the Living Wage will help a little, but is not on the scale required to make up the losses.”<sup>260</sup>*

<sup>255</sup> The Equality Trust, The Aspiration Tax: How our social security system holds back low paid workers, February 2016, <http://bit.ly/1PHdHyx>

<sup>256</sup> Institute for Fiscal Studies, The Changing Effects of Universal Credit, February 2016, <http://bit.ly/1PegmOH>

<sup>257</sup> Kumar A. So, Osborne scrapped tax credit cuts – but what of universal credit? November 2015, <http://bit.ly/1ogINf3>

<sup>258</sup> Alison Garnham (Child Poverty Action Group), Submission of oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into the impact of the Welfare Reform and Work Bill 2015-16 on child poverty and child health, January 2016

<sup>259</sup> Alison Garnham (Child Poverty Action Group), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>260</sup> Social Mobility and Child Poverty Commission, State of the Nation 2015 report, December 2015, <http://bit.ly/1O9q8Ox>

178. The Commission has stated that the fiscal pressures on work incentives and extent of in-work support “risks undermining the original aspirations for Universal Credit.” It accordingly recommends, as an “immediate priority” that the Government takes action to:

*“...ensure that introduction of Universal Credit does not make families with children who ‘do the right thing’ (in terms of working as much as society expects them to) worse off than they would be under the current system.*

*That means reversing the cuts to Universal Credit work allowances enacted through the Universal Credit (Work Allowance) Amendment Regulations 2015 before they are implemented.”<sup>261</sup>*

179. The APPG heard evidence from the Child Poverty Action Group, who presented a range of models for the impacts of the Regulations on the income of families with children. CPAG outlined to the APPG that families with children will have their universal credit withdrawn by 65% (65p in the pound) when they earn anything over £192 per month, or £397 per month if they receive no help with their housing costs as part of their claim, i.e. non-renters). This is a profound reduction from the previous entitlement, under which a couple with children could earn £222 (£536 for non-renters), and a lone parent £263 (£734 for non-renters), before the withdrawal.<sup>262</sup>
180. CPAG have informed the APPG that the Regulations will mean working couples with children in rented housing will lose around £830 per year, and non-renters almost £1700 per year; while lone parents, CPAG estimate, will lose £1,150 per year if renting and over £3,200 if not. As CPAG outlines, “the children of single parents are already at twice the risk of living in poverty as those in couple families, and this will exacerbate their disadvantage.”<sup>263</sup>
181. The APPG was told that “the reduction in work allowances makes entering work, or taking on additional hours, less attractive. 65p is lost for every pound earned above the work allowance – 76p once tax and National Insurance start to be paid.” And, particularly worryingly, CPAG outlines, that “lone parents will see the biggest cut in work allowances, yet are the group for whom it is hardest to start work or increase hours.”<sup>264</sup>
182. CPAG concludes that “there is a clear mismatch between this cut and the professed purpose of universal credit: to make work pay and strengthen work incentives.”<sup>265</sup> The Resolution Foundation has further outlined that the increased minimum wage will fail to mitigate the weaker incentives to work that will be delivered as a result of this policy.<sup>266</sup>

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<sup>261</sup> Ibid.

<sup>262</sup> Child Poverty Action Group, Draft note on cuts to Universal Credit, December 2015, <http://bit.ly/20NVBif>

<sup>263</sup> Ibid

<sup>264</sup> Ibid

<sup>265</sup> Ibid

<sup>266</sup> Resolution Foundation, Press Releases: Low-income working families on Universal Credit set to lose £1,300, November 2015. Available at: <http://bit.ly/1QaTllg>

183. The University of Liverpool supported this position. The latest evidence, it underscores, suggests that rather than cuts to in-work benefits being offset by the introduction of what he described as a “higher minimum wage...lone parents will still lose out, and for couples with children, both will have to work full time on the National Living Wage to get close to a decent standard of living.”<sup>267</sup>

## Conclusions

184. The Welfare Reform and Work Bill 2015-16 proposes to lower the current benefit cap and to remove the link to average earnings. It will also impose a four year freeze on benefits from April 2016. The APPG has heard serious concerns that the Bill “lacks clarity over the criteria that will be used to determine the level of the cap in future.” We share these concerns, and reiterate the MND’s perspective that the proposals are “dangerously vague.”<sup>268</sup>
185. The APPG heard powerful testimony from a range of organisations concerned with children’s welfare and experts in the field of child health. We examined evidence from a wide range of sources, including the Government’s own Impact Assessments of these proposed measures. What we heard concerns us greatly.
186. The combined effect of the proposed lower benefit cap and the four-year benefits freeze, we believe, will significantly reduce the income for thousands of already struggling families, particularly those with a lone parent, who have most difficulty finding and keeping a job. This would be likely to increase child poverty and exacerbate the many risks to children’s health, wellbeing, educational development and future prospects, adding to the intergenerational cycle of disadvantage.
187. Parents may not be able to meet the basic needs of their children, forcing many into the ‘food or fuel’ choice, for example. The University of Liverpool’s Institute of Psychology, Health and Society sums this up in one simple sentence: that the changes to the welfare system, including the cap and freeze, will increase child poverty and “will have a damaging [and toxic] impact on the health and life chances of children in the UK.”<sup>269</sup>
188. We heard evidence on the impact on particularly vulnerable groups and the limitations it may place on statutory bodies to support these vulnerable groups. CPAG, outlined that lone parents with young children are less likely than other groups to move off the cap. They refer to the government’s estimates that 59% of those who will have their benefits reduced by the cap will be lone parents.<sup>270</sup>
189. It is of concern that families in temporary accommodation, including women and children who have fled domestic abuse, may be severely affected due to their high housing costs. CPAG further noted that the reduction in the level of the cap has made it “difficult – and in some cases impossible” for local authorities to fulfil their duty under the Homelessness Act 2010.<sup>271</sup>

<sup>267</sup> University of Liverpool, Submission of Written Evidence to the All Party Parliamentary Group on Health in All Policies, January 2016

<sup>268</sup> Motor Neuron Disease Association, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>269</sup> University of Liverpool, Submission of Written Evidence to the All Party Parliamentary Group on Health in All Policies, January 2016

<sup>270</sup> Department for Work and Pensions, Welfare Reform and Work Bill: Impact Assessment for the benefit cap, July 2015,

<http://bit.ly/1myNDe9>

<sup>271</sup> Child Poverty Action Group, Welfare Reform and Work Bill Clauses 7 and 8: the Benefit Cap: House of Commons Bill Committee Stage Briefing September 2015, <http://bit.ly/1S8LJ0T>



190. We also heard concerns expressed about the delay in providing benefits, including benefit sanctions, and the consequences for families, including resorting to foodbanks. We share those concerns
191. On the issue of the cut to the work allowance element of the Universal Credit, the APPG agrees with the conclusion of CPAG that: “there is a clear mismatch between this cut and the professed purpose of Universal Credit: to make work pay and strengthen work incentives.” The Resolution Foundation has further outlined that the increased minimum wage will fail to mitigate the weaker incentives to work that will be delivered as a result of this policy.<sup>272</sup>
192. The APPG is concerned that the Department for Work and Pensions has not undertaken an Impact Assessment of these changes to the Work Allowance element of Universal Credit. We note that the Social Security Advisory Committee, an independent statutory body that provides impartial advice on social security and related matters, has expressed concern “about whether there was an adequate evidence base to assess and evaluate the changes.”<sup>273</sup>
193. This was also the position of the EHRC which was clear that failure to complete a proper assessment of the best interests of the child might expose the Bill to legal challenge. Were a case against the Government brought, and the claim directly affected a child, Article 3(1) of the United Nations Convention on the Rights of the Child could be considered by the Court interpreting the UK Government’s duties under the Human Rights Act 1998.<sup>274</sup>
194. The APPG also has concerns that the additional burden placed on people by this Bill might contravene the UN Convention on the Rights of the Child as well as human rights legislation. The Equality and Human Rights Commission (EHRC) has advised that the Bill would run contrary to the UK Government’s duty to use its available resources to progressively realise the right to an adequate standard of living, as set out by the UN Committee on Economic, Social and Cultural Rights. In turn, it would risk challenge under Article 27 of the UN Convention on the Rights of the Child, in relation to children’s right to an adequate standard of living.
195. The APPG believe that, ultimately, the overall effect of the changes to benefits proposed by this Bill will in fact defeat the Government’s stated purpose of encouraging more people currently on benefits to move into paid employment, and rather create a fairer more equitable system that prioritises protecting the vulnerable, it will actually place many at greater risk.

## Recommendations

Work should always pay more than social security support. But it currently doesn’t, and children should not be penalised by further lowering the benefit cap.

<sup>272</sup> Resolution Foundation, Low-income working families on Universal Credit set to lose £1,300, November 2015, <http://bit.ly/1QaTllg>

<sup>273</sup> Social Security Advisory Committee, Letter to Universal Credit Policy Division, Department for Work and Pensions, September 2015, <http://bit.ly/1QObSbU>

<sup>274</sup> Equality and Human Rights Commission, Submission of Evidence to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1Vk9GQJ>



1. The Secretary of State should lay before both Houses of Parliament an assessment of the cumulative impact and an equalities impact of tax credit and benefit reforms announced in Summer Budget 2015 on working families.
2. The link between welfare benefits and national median earnings should be preserved.
3. The four year benefits freeze should be removed.
4. Any change to the benefit cap should be subject to parliamentary scrutiny, including on the impact on child poverty and health, before the Secretary of State's decision is made.
5. The criteria upon which the yearly benefit cap review process is undertaken by the Secretary of State should be very clearly defined. It should consider the impact of inflation and the national economic situation.
6. The Universal Credit withdrawal rate should be reduced to 55% as originally intended in order to truly make work pay. Measures to introduce in-work conditionality should be repealed.
7. The Government should ensure that the Impact Assessments of these, and all other elements of the Bill, properly consider the Government's duties under [Section 149 of the Equality Act 2010](#) and any international legal duties to which the UK is signatory.

## Chapter Four: Child Tax Credits and the child element of Universal Credit

### Headline messages

- Clause 11 of the Bill will restrict Child Tax Credit to two children per family for those families who become responsible for a child born on or after 6 April 2017
- Limiting support for families already struggling on low incomes is likely to worsen levels of child poverty and child health and thus impact heavily on children's life chances.
- Ethnic or religious groups may be more likely to have larger families (for cultural or religious reasons) – and are therefore more likely to be reliant on tax credits.
- Families with a disabled child who face additional costs associated with their child's disability will also be penalised.

### Recommendations

- The proposal to restrict the individual child element of Child Tax Credit to two children per family for those families who become responsible for a child or children or qualifying young person(s) born on or after 6 April 2017 should be reversed.
- The proposal to limit the child element of Universal Credit to include amounts in respect of a maximum of two children or qualifying young persons should be reversed.
- The Government should ensure that the Impact Assessments of these, and all other elements of the Bill, properly consider the Government's duties under Section 149 of the Equality Act 2010 and any international legal duties to which the UK is signatory.

### Current legislation

196. The calculation of the maximum rate of Child Tax Credit (CTC) includes an individual element (£2,780 for the 2015/16 tax year) for each child or qualifying young person for whom the claimant or claimants (if claiming as a couple) is responsible. This is currently referred to as the 'individual element' of CTC. Currently, the individual element is paid at a higher rate of £2,780 plus £3,140 or £4,415 where the child or qualifying young person is disabled or severely disabled respectively.<sup>275</sup>
197. The calculation of the maximum rate of CTC currently includes a family element. The calculation includes one family element (£545 for the 2015/16 tax year) regardless of the number of children or qualifying young persons for whom the claimant or claimants are responsible, and whether the children or qualifying young persons are disabled or severely disabled.<sup>276</sup>

<sup>275</sup> Department for Work and Pensions, Welfare Reform and Work Bill 2015-2016, Explanatory Notes: Changes to child tax credit, October 2015, <http://bit.ly/1PA7z7k>

<sup>276</sup> Ibid.

198. Currently, the 'child element' of the Universal Credit award is payable to claimants in respect of each child or qualifying young person for whom they are responsible. This includes a higher rate in respect of the first child or qualifying young person, and a lower rate in respect of the second and each subsequent child or qualifying young person.<sup>277</sup>
199. A lower rate is paid for each child who receives any component of Disability Living Allowance (apart from the highest rate of the care component), or a Personal Independence Payment (PIP) (apart from the enhanced rate). A higher rate is paid for each child who receives the highest rate of the care component of Disability Living Allowance or the enhanced rate of the PIP daily living component. Children registered blind are eligible for the higher disabled child addition.<sup>278</sup>
200. The childcare costs element is available to all lone parents and couples, where both members are in work, regardless of the number of hours they work. The costs will continue one month after a period of work ends, so that a childcare placement can be secured and it will be easier to move to other work. Claims can also be made for deposits and advance costs. Working families can claim up to 70% of actual childcare costs to a cap of £532 a month for one child and £912 for two or more children.<sup>279</sup>

### **Proposals under the Welfare Reform and Work Bill 2015-2016**

201. Clause 11 of the Welfare Reform and Work Bill 2015-2016, will restrict the individual child element of CTC to two children per family for those families who become responsible for a child or children or qualifying young person(s) born on or after 6 April 2017.<sup>280</sup> If a third child is born on or after 6 April 2017, that third child will become eligible for entitlement when the eldest ceases to be eligible. This will not apply for any disabled or severely disabled child born on or after 6 April 2016, who will be subject to a new disability element in secondary legislation, reflecting the existing arrangements.<sup>281</sup>
202. Clause 12 will further limit the child element of Universal Credit to include amounts in respect of a maximum of two children or qualifying young persons.<sup>282</sup> This will not apply to the additional amount paid in respect of a disabled child or qualifying young person(s). It will remove the distinction between the first and subsequent children in the rate of the child element.<sup>283</sup>

### **The Government's rationale for these proposed changes**

203. The Government's aim of proposed changes to Child Tax Credit and the child element of Universal Credit is, in addition to forming part of the deficit reduction plan, to create a system that is fairer to the taxpayer and families not eligible for state support, and to incentivise families support by benefits to consider whether they can afford to support additional children, which it believes will improve overall family stability.

<sup>277</sup> Department for Work and Pensions, Welfare Reform and Work Bill, Explanatory Notes, October 2015, <http://bit.ly/1Rp3EhW>

<sup>278</sup> Ibid.

<sup>279</sup> Universal Credit, Universal Credit: Increasing the Childcare Offer, December 2014, <http://bit.ly/20hR6KC>

<sup>280</sup> Department for Work and Pensions, Welfare Reform and Work Bill 2015-2016, Clause 11, <http://bit.ly/1QaDRpA>

<sup>281</sup> Department for Work and Pensions, Welfare Reform and Work Bill, Explanatory Notes, October 2015, <http://bit.ly/1Rp3EhW>

<sup>282</sup> Department for Work and Pensions, Welfare Reform and Work Bill 2015-2016, Clause 12, <http://bit.ly/1QaDRpA>

<sup>283</sup> Department for Work and Pensions, Welfare Reform and Work Bill, Explanatory Notes: Changes to the child element of universal credit, <http://bit.ly/1mbqSMg>

204. DWP's modelling projects that by 2020/21 the revised tax credits and Universal Credit levels will save £1,365 million a year, while removal of the Family Element in Child Tax Credit and child premium in Universal Credit will save £675m a year.
205. At present, 872,000 families in the UK receive an average of £3,670 a year in support for a third and subsequent child through the tax credit system and 21% of those are in receipt of tax credits. 548,000, or 63%, of these families are in work.<sup>284</sup>
206. However, this inquiry has identified several concerns with these proposals which we outline in detail below. The Child Poverty Action Group has calculated that at present, "Child Benefit and maximum tax credit cover only between 72.6% and 84% of [the cost of raising a third child]." The reduction of £3,670 will therefore have a significant impact on the ability of parents to provide essential household goods for their children.<sup>285</sup>
207. Attention was drawn to Institute for Fiscal Studies estimates that returning child tax credit to 2003 levels would result in £5.1 billion of cuts leading to 300,000 more children living in poverty.<sup>286</sup>
208. The Government's suggestion that the proposals will incentivise families to consider whether or not they can afford to have more has been viewed as no more than "assumption" by the EHRC.<sup>287</sup> Child Poverty Action Group agree. This 'assumption', it argues, is based in part on a position that it is always possible to plan for a child. Yet, neither can all children be planned, nor can all employment be – not least given the increasingly temporary and unstable nature of work. Furthermore, CPAG point out that disability, long-term illness, widowhood or relationship breakdown can affect anyone at any point.<sup>288</sup>

## **Evidence of the impacts on child poverty**

### **The impact of limiting financial support to the first two children**

209. At present, 872,000 families in the UK receive an average of £3,670 a year in support for a third and subsequent child through the tax credit system and 21% of those are in receipt of tax credits. 548,000, or 63%, of these families are in work.<sup>289</sup> The Child Poverty Action Group has calculated that at present, "Child Benefit and maximum tax credit cover only between 72.6% and 84% of [the cost of raising a third child]." The reduction of £3,670 will therefore have a significant impact on the ability of parents to provide essential household goods for their children.<sup>290</sup>

<sup>284</sup> Institute for Fiscal Studies, IFS Post-Budget Analysis: Benefit changes and distributional analysis. Available at: <http://bit.ly/1eJHKWW>

<sup>285</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>286</sup> Ibid

<sup>287</sup> Equality and Human Rights Commission, Welfare Reform and Work Bill, Lords Committee Stage Briefing: Clauses 11 and 12. December 2015, <http://bit.ly/1S42hUV>

<sup>288</sup> Child Poverty Action Group, Welfare Reform and Work Bill, House of Lords: 17 November 2015, Second reading briefing, November 2015, <http://bit.ly/1RYOcx>

<sup>289</sup> Institute for Fiscal Studies, IFS Post-Budget Analysis: Benefit changes and distributional analysis. Available at: <http://bit.ly/1eJHKWW>

<sup>290</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

210. Based on the current profile of tax credit claimants, the DWP estimates that by 2020-21, 640,000 families will be impacted by the changes to Child Tax Credit and Universal Credit, while over a million families will no longer be entitled to the family element or the first child premium in tax credit and Universal Credit.<sup>291</sup> Of the families receiving Child Tax Credit at the moment, the Child Poverty Action Group highlight that over 1/3 [34%] are already in poverty.<sup>292</sup>
211. Dr Kitty Stewart reflected that preliminary figures from the Institute for Fiscal Studies (IFS) outline “dramatic increases in absolute poverty and relative poverty over the next five years, particularly, not surprisingly, in households with 3 or more children.” The IFS, Dr Stewart warns, predict a 20-33 per cent poverty rate increase for households with 3 or more children.<sup>293</sup>
212. Families with disabled children will also be affected by this measure. As the report ‘Counting the Costs’<sup>294</sup> shows, families with disabled children are more likely to be living in poverty as a consequence of the additional costs associated with the disability. It is estimated that it costs three times as much to raise a disabled child costs as a non-disabled child. Research over many years demonstrates a strong relationship between low income, social exclusion and disability among families who have a disabled child.
213. As the *Every Disabled Child Matters Campaign* has said, childhood disability is frequently a ‘trigger event’ for poverty, as a result of additional costs, family break-up and unemployment that can follow the birth or diagnosis of a disabled child. There are over 150,000 families with one or more disabled children and they are at particular risk of being pushed further into poverty as a result of this measure.
214. The Equality and Human Rights Commission expressed concern that Clauses 11 and 12 risk seriously undermining the living standards of poor families with more than two children. The EHRC has advised that, if implemented, the Government may not meet its obligations under: Articles 3, 26 and 27 of the UN Convention on the Rights of the Child, Articles 7 and 28 of the Convention on the Rights of Persons with Disabilities, and Articles 2, 3 and 9 of UN International Covenant on Economic, Social and Cultural Rights.<sup>295</sup> It has advised that:
- A two-child limit is not, in its analysis, in the best interests of any child or low-income family;
  - The proposed changes may have a disproportionate negative impact on people from particular ethnic or religious groups:
    - ONS data shows some ethnic groups and families with a particular religion or belief have larger families than others. The proposal may breach Articles 2 and 5 of the International Convention on the Elimination of All Forms of Racial Discrimination.

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<sup>291</sup> Department for Work and Pensions, Welfare Reform and Work Bill: Impact Assessment of Tax Credits and Universal Credit, Changes to Child Element and Family Element, July 2015. Available at: <http://bit.ly/1UU4i8o>

<sup>292</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>293</sup> Dr Kitty Stewart (Joseph Rowntree Foundation), Oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>294</sup> Contact a family, Counting the Costs 2014, 2014, <http://bit.ly/1QloKPL>

<sup>295</sup> Equality and Human Rights Commission, Welfare Reform and Work Bill Committee Stage: Clauses 11 and 12 House of Lords, December 2015

- The Impact Assessments and human rights memorandum do not assess the effect of the Bill on equality and human rights in sufficient detail to enable proper scrutiny of the legislation.<sup>296</sup>

215. The EHRC, in view of the Government's failure to provide (or to outline within the impact assessment) any research evidence to support its suggestion that the proposal will incentivise families to have only two children should they not be able to afford more, maintains that the Government's position is no more than an "assumption." The EHRC presents further strong criticism that the impact assessment:

*"Fails to demonstrate proper consideration of their effect on any of the aims of the Public Sector Equality Duty. Nor is it clear how the impact of the proposals will be monitored and tackled if adverse impact is identified during implementation."*<sup>297</sup>

216. The Child Poverty Action Group has highlighted that women from religious groups with deeply held objections to use of contraception and abortion would be directly affected, and discriminated against in accordance with Article 9 of the European Convention on Human Rights (ECHR), in relation to freedom of thought, conscience and religion; and Article 14, in relation to the Prohibition of discrimination – including religious discrimination.<sup>298</sup>

217. The EHRC, in view of the Government's failure to provide it (or to outline within the Impact Assessment) any research evidence to support its suggestion that the proposal will incentivise families to have only two children should they not be able to afford more, accords the Government's position as no more than "assumption." The EHRC presents further strong criticism that the Impact Assessment:

- Provides no information about which ethnic minorities will be adversely impacted; nor analysis examining why; nor how this is justified or could be mitigated;
- Makes no reference to the protected characteristics of religion or belief, yet the policy could adversely impact on religious groups for whom family planning is against religious teachings;
- Thereby presents risk that children in some religious communities will be more likely to be brought up in poverty;
- Does not assess the aggregate effect of these multiple changes on people with particular protected characteristics, presenting serious risk that:
  - People in already disadvantaged groups will be further disadvantaged;
  - Entrenched disadvantage will be compounded;
  - Inequalities will be widened;
  - Cohesive communities will be undermined.
  - The proposals will have a disproportionately negative impact on certain groups, such as disabled people, women and ethnic minorities.<sup>299</sup>

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<sup>296</sup> Ibid.

<sup>297</sup> Ibid.

<sup>298</sup> Child Poverty Action Group, Welfare Reform and Work Bill, House of Lords: 17 November 2015, Second reading briefing, November 2015, <http://bit.ly/1RYOcx>

<sup>299</sup> Equality and Human Rights Commission, Welfare Reform and Work Bill, Lords Committee Stage Briefing: Clauses 11 and 12. December 2015, <http://bit.ly/1S42hUV>

218. The Child Poverty Action Group agree. This ‘assumption’, it argues, is based in part on a position that it is always possible to plan for a child. Yet, neither can all children be planned, nor can all employment be – not least given the increasingly temporary and unstable nature of work. Furthermore, CPAG point out that disability, long-term illness, widowhood or relationship breakdown can affect anyone at any point.<sup>300</sup>
219. CPAG also draw attention to the well-established right to family life, and the 1968 proclamation of the International Conference on Human Rights, which states that “parents have a basic human right to determine freely and responsibly the number and spacing of their children.”<sup>301</sup>
220. The APPG notes Barnardo’s submission to the Public Bill Committee, in which it notes that Black and Minority Ethnic Families are more likely to live in poverty and to have larger families (sometimes for cultural or religious reasons) – and are therefore more likely to be reliant on tax credits. BME groups are more likely to live in poverty compared with white groups, with Pakistani and Bangladeshi households most likely to be living in poverty (40% and 35% respectively). The analysis shows that BME people are more than twice as likely to live in the 20% most deprived areas in the UK.<sup>302</sup>

#### **Barnardo’s case study**

Sarah (name changed) was a single mother of five interviewed for Barnardo’s food poverty research. She described how difficult it was to provide for five children and how she had to borrow money from her parents and rely upon visiting the food bank to survive.

In the future families like Sarah’s will have around £160 less a week (assuming entitlement to the full amount of tax credits for only the first two of her five children), the impact on the well-being of children living in such families could be considerable.<sup>303</sup>

#### **The impact on families with three or more children**

221. Barnardo’s underlined to this inquiry that larger families, with 3 or more children, are currently 1.4 times more likely to be living in poverty than families with one or two children. It told us about its work with larger families, and how they often struggle to provide for their children even within the current system<sup>304</sup>. The Royal College of Child and Paediatric Health reinforced this message, describing the proposals as “greatly concerning, as larger families tend to be at a higher risk of poverty.”<sup>305</sup>

<sup>300</sup> Child Poverty Action Group, Welfare Reform and Work Bill, House of Lords: 17 November 2015, Second reading briefing, November 2015, <http://bit.ly/1RYOcx>

<sup>301</sup> Ibid.

<sup>302</sup> Barnardo’s, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>303</sup> Barnardo’s, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>304</sup> Ibid.

<sup>305</sup> Royal College of Child and Paediatric Health, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

222. Dr Sharon Hopkins firmly agreed with this position, and outlined that 34% of children living in poverty are from families of three or more children. Furthermore, Dr Hopkins made clear that it is “not right to penalise those who choose to have three or more children in future...particularly as unemployment is often unexpected and cannot always be planned for.” The policy, Dr Hopkins added, will likely negatively impact all children within a family, who will be affected by a lack of support not of their making and is outside of their control.<sup>306</sup>
223. CPAG share this view, and makes clear that the proposal will withdraw support for some children – with knock-on effects for siblings and parents – based not on their needs, but on their family size. It is, CPAG underline, “not parents who will be punished the most by reduced entitlement to tax credits, but rather those children unfortunate enough to be born into larger families.”<sup>307</sup>
224. The APPG notes CPAG’s observation that the DWP’s Impact Assessment “assumes that there will be no behavioural response to the policy...in which case any money saved will be at the expense of these children,” who will face increased risk of poverty, ill health and lower educational attainment.<sup>308</sup>
225. CPAG also note that the policy may disincentivise adopters and kinship carers to take on additional children. This may have direct consequences for the wellbeing of highly vulnerable children and increased cost in public spending. Alarming, there is also evidence the policy may encourage some women to consider aborting wanted pregnancies.<sup>309</sup>
226. Dr Hopkins, in her overall assessment stated that with around 2.3 million children in the UK living in poverty and the number of children living in absolute poverty having increased by 300,000 since 2010/11, that cuts to working age benefits have been reported to be a key reason behind rising child poverty. She warned that the number of children in poverty will increase to 3 million by 2020/21.<sup>310</sup>
227. In addition, she drew attention to Institute for Fiscal Studies estimates that returning child tax credit to 2003 levels would result in £5.1 billion of cuts leading to 300,000 more children living in poverty.<sup>311</sup> By contrast, past UK benefit reforms which favoured low-income families over higher-income ones have been shown to result in significantly increased relative spending on children’s clothing and footwear, fruit and vegetables, toys and books – and reduced spending on alcohol and tobacco.<sup>312</sup>
228. In view of the factors outlined above, the EHRC has made clear that “until the Government has properly considered the potential impact of these proposals on equality, and how any adverse

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<sup>306</sup> Dr Sharon Hopkins (Director of Public Health), Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>307</sup> Child Poverty Action Group, Welfare Reform and Work Bill; Commons second reading briefing, 20 July 2015, <http://bit.ly/1Qki5nG>

<sup>308</sup> Child Poverty Action Group, Welfare Reform and Work Bill, House of Lords: 17 November 2015, Second reading briefing, November 2015, <http://bit.ly/1RYOcx>

<sup>309</sup> Ibid.

<sup>310</sup> Dr Sharon Hopkins (Director of Public Health), Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016, <http://bit.ly/23Qklc3>

<sup>311</sup> Ibid

<sup>312</sup> Alison Garnham (Child Poverty Action Group), Oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016



effects can be mitigated – required by Section 149 of the Equality Act 2010 – Parliamentarians [should] vote to oppose Clauses 11 and 12.”<sup>313</sup>

## Conclusions

229. A key objective of the Government’s proposed changes to the Child Tax Credit and the child element of Universal Credit is to incentivise families supported by benefits to consider whether they can afford to support additional children.
230. There is also the potential to disincentivise possible adopters or kinship carers to care for additional children. This would be a tragic consequence of these proposals – if those children who most need a loving and caring home are denied it.
231. As the evidence presented in this report shows, taking decisions about whether and when to have children is influenced by many different factors. The circumstances in which people choose to have children will also change. For example, employment may, unexpectedly, come to an end. Is it right therefore that children are penalised for the changing circumstances of their parents?
232. We have heard from a number of organisations that have all concluded that limiting support for families already struggling on low incomes will impact heavily on children’s life chances. Indeed, the DWP itself recognises that the risk of child poverty is significantly higher among families with three or more children – 35%, compared to 25-26% for one and two child families.<sup>314</sup> These changes to the child element of Tax Credits and Universal Credit will affect families who for a variety of reasons have more than two children, including religious and cultural factors.
233. Wigan Council has stressed that taken together with Clauses 5 to 7, “this would deepen poverty for some children, at exactly the same time as removing the focus on the reduction of child poverty.”<sup>315</sup> The impact of the proposals in terms of child poverty, Alison Garnham explained, will be “absolutely devastating.”<sup>316</sup> The APPG shares these concerns.
234. The Equality and Human Rights Commission in its assessment of the Clauses within the Bill related to these measures identified that living standards of poor families with more than two children could be seriously undermined, and that the proposed changes may have a disproportionate negative impact on people from particular ethnic or religious groups. This view was supported by others giving evidence to our Inquiry.
235. The EHRC has further advised that a two-child limit is not, in its analysis, in the best interests of any child or low-income family; and that the proposed changes may have a disproportionate negative impact on people from particular ethnic or religious groups. The APPG agrees with this assessment.

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<sup>313</sup> Equality and Human Rights Commission, Welfare Reform and Work Bill: Committee Stage: Clauses 11 and 12. December 2015, <http://bit.ly/1S42hUV>

<sup>314</sup> Department for Work and Pensions, An evidence review of the drivers of child poverty for families in poverty now and for poor children growing up to be poor adults, January 2014, <http://bit.ly/1mMrcN8>

<sup>315</sup> Wigan Council and Wigan and Leigh Homes, Written Submission of Evidence to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1Qkit5g>

<sup>316</sup> Alison Garnham (Child Poverty Action Group), Submission of Oral Evidence to the All Party Parliamentary Group on Health in All Policies, January 2015

236. In view of the evidence presented to the APPG, we would support the view of the EHRC which states that “until the Government has properly considered the potential impact of these proposals on equality, and how any adverse effects can be mitigated – required by Section 149 of the Equality Act 2010 – Parliamentarians [should] vote to oppose Clauses 11 and 12.”<sup>317</sup>

### **Recommendations**

1. The proposal to restrict the individual child element of Child Tax Credit to two children per family for those families who become responsible for a child or children or qualifying young person(s) born on or after 6 April 2017 should be reversed.
2. The proposal to limit the child element of universal credit to include amounts in respect of a maximum of two children or qualifying young persons should be reversed.
3. The Government should ensure that the Impact Assessments of these, and all other elements of the Bill, properly consider the Government’s duties under [Section 149 of the Equality Act 2010](#) and any international legal duties to which the UK is signatory.

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<sup>317</sup> Equality and Human Rights Commission, Welfare Reform and Work Bill: Committee Stage: Clauses 11 and 12. December 2015, <http://bit.ly/1S42hUV>

## Chapter Five: Abolition of the Employment Support Allowance (ESA) Work Related-Activity Component

### Headline messages

- Reducing Employment Support Allowance (ESA) by nearly £30 from £102.15 to £73.10 per week for disabled people in the ESA Work Related Activity Group and who have been found NOT fit for work, will push more disabled people and their families into poverty.
- Disabled people and their families are twice as likely to live in poverty than non-disabled people.
- There is no evidence that reducing financial support will incentivise disabled people into getting people into work.
- The proposals will be counterproductive, hindering sick and disabled people from entering work through increasing levels of stress and anxiety and compounding disabilities, particularly, mental health conditions.

### Recommendations

- Support the recommendations of the *Halving the Gap* review into the Government's proposed reduction to ESA WRAG
- Reject the reduction of the ESA WRAG component and the equivalent payment under Universal Credit as proposed in the Welfare Reform and Work Bill.
- Conduct a comprehensive Impact Assessment of the proposed changes to the ESA WRAG and the potential effects on the number of disabled people living in poverty, the impacts on their health condition or disability and on health and care services.
- Provide more disability employment advisers to support claimants when assessed as fit for work to move into work and more training in disability and health for general job centre advisers.
- Ensure that the Work and Health Programme, announced in the 2015 spending review, is developed in collaboration with disabled people and disability organisations, in order to ensure that it is a tailored and personalised employment programme for people in the WRAG.
- DWP develop new reward and commissioning structures to enable sustainable employment outcomes for people in the ESA WRAG.
- Apply the recommendations of the Work and Pensions Select Committee report on Sanctions beyond Oakley and stop the use of conditionality and sanctions for disabled people on ESA WRAG
- Redesign the Work Capability Assessment, focusing on a holistic, personalised approach which understands the barriers to work people face, ensuring this is used to provide appropriate support.
- Work more closely with employers to increase awareness of how to best support disabled people and people with complex needs, and undertake a Review of the incentives for employers to take on disabled people and those with health conditions.
- Take action to ensure all employers are aware of their responsibilities under the Equality Act 2010, penalising those who do not adhere to it.
- Expand Access to Work to allow more people to benefit from support offered. Make claims administration more accessible, and to enable and sustain disabled people in the work place.

## Current legislation

237. ESA, enacted under the Welfare Reform Act 2007, offers financial support for those who are ill or disabled and unable to work, and individual level help for those who are ill or disabled, but able to work – whether employed, self-employed or unemployed.<sup>318</sup> There are two forms: contributory, for those with a sufficient National Insurance record; and means tested income related ESA.<sup>319</sup>
238. ESA replaced incapacity benefits (Incapacity Benefit, Severe Disablement Allowance and Income Support for incapacity for work) for new claims from October 2008. In 2010, a programme, intended to have been completed by spring 2014 but still underway, under which 1.5 million people were to be reassessed for ESA, began.<sup>320</sup>
239. Further to a Work Capability Assessment to determine the extent to which illness or disability affects a claimant's ability to work, they will – if entitled to ESA – be placed into two groups: the Work Related Activity Group (WRAG), within which claimants have regular work focused interviews, or the Support Group, where a claimant will not have any interviews.<sup>321</sup>
240. At present, claimants receive the assessment rate, up to £57.90 a week if under 25 and up to £73.10 if 25 or over, for 13 weeks following a claim. If entitled to ESA, the “standard rate” is £73.10 a week, plus up to £29.05 a week for those in the WRAG or £36.20 a week for those in the Support Group. If in the Support Group and on income-related ESA, claimants are entitled to the enhanced disability premium at £15.75 a week, and may qualify for the severe disability premium of £61.85 per week.<sup>322</sup>
241. Where claimants in the WRAG group do not attend interviews or undertake work related activity as agreed with their Department for Work and Pensions (DWP) advisor or as part of the Work Programme, they may be subject to sanctions that reduce the amount of their ESA award, which may continue for up to four weeks further to restarting interviews or activity. Claimants receiving a sanction may then appeal the decision and also ask for a ‘hardship payment’ from Jobcentre Plus.<sup>323</sup>
242. ESA is not usually affected if a claimant undertakes ‘permitted work’, e.g. earns up to £20 per week or works for less than 16 hours a week and earns up to £107.50 a week, for 52 weeks or less (or any length of time in the Support Group). A claimant may also undertake ‘supported permitted work’, as a treatment programme, or supervised by someone from a local council or voluntary organisation whose job it is to arrange work for disabled people, and earn up to £107.50 a week.<sup>324</sup>
243. Universal Credit, under the Welfare Reform Act 2012, provides a single means-tested support system for people of working age and in or out of work. It is replacing income-related ESA and being rolled out across Great Britain. If in receipt of Universal Credit, a claimant is not eligible for income-related

<sup>318</sup> Department for Work and Pensions, Welfare Reform Act 2007, Explanatory Notes, May 2007, <http://bit.ly/1SWvIKg>

<sup>319</sup> Gov.UK, Employment and Support Allowance (ESA), What you'll get, January 2016, <http://bit.ly/1UOgrKa>

<sup>320</sup> House of Commons, Briefing Paper, Welfare Reform and Work Bill [Bill 51 of 2015-16], July 2015, <http://bit.ly/1XZihdV>

<sup>321</sup> Ibid.

<sup>322</sup> Gov.UK, Employment and Support Allowance (ESA), What you'll get, January 2016, <http://bit.ly/1UOgrKa>

<sup>323</sup> Disability Rights UK, Sanctions, October 2015, <http://bit.ly/1L9iXFZ>

<sup>324</sup> Disability Rights UK, Permitted Work, December 2015, <http://bit.ly/1Q2eaXZ>

ESA, although may have a Work Capability Assessment to see if they are entitled to the limited capability for work (LCW) or limited capability for work-related activity (LCWRA) elements.<sup>325</sup>

### **Proposals under the Welfare Reform and Work Bill 2015-2016**

244. Clause 13 of the Welfare Reform and Work Bill 2015-2016 will amend the Welfare Reform Act 2007 to remove the provision for the ESA work-related activity component (income and contributory) and to replace it with Universal Credit. Clause 14 will amend the Welfare Reform Act 2012 to remove the provision for the limited capability for work element within Universal Credit to be paid to claimants. Regulations will affirm that claimants already in receipt of the work-related activity component or limited capability for work element at April 2017 will continue to receive it.<sup>326</sup>
245. The Government proposes that for those in the ESA WRAG, the benefit entitlement should be aligned with Job Seekers Allowance, (£73.10 for people aged 25 and over) for new claims from April 2017, while providing “new funding for additional support to help claimants return to work,” with “additional practical support.” The Government has committed to providing £60 million of funding in 2017/18, rising to £100m a year in 2020/21 for this additional support.

### **The Government’s rationale for these proposed changes**

246. The DWP states that its ambition is to halve the disability employment gap and to ensure that disabled people are able to fully participate in society, through tackling “financial disincentives” to work.<sup>327</sup>
247. The Government wants to address what it describes as a “financial disparity” under which “those in the WRAG receive more money a week than those on JSA, but get nothing like the help to find suitable employment.”<sup>328</sup>
248. The Government’s Impact Assessment also states that by removing the ESA WRAG component and the UC LCW element for new claims “could” lead to a fall over time in the number of children living in workless households through incentivising people to “make the choice to move into work.”<sup>329</sup>
249. However, as the analysis below outlines, nearly half of the 490,000 ESA WRAG claimants in Britain were, in evidence this inquiry has considered, suffering from ‘Mental and Behavioural Disorders’ including mental health problems, learning disabilities and autism (a further 529,000 ESA claimants were in the assessment phase).<sup>330</sup> This number is expected to rise to 537,000 by 2019-20.<sup>331</sup>

<sup>325</sup> National Archives, Welfare Reform Act 2012, Clause 1, Universal Credit, March 2012, <http://bit.ly/1QlKh5o>

<sup>326</sup> Department for Work and Pensions, Welfare Reform and Work Bill, Explanatory Notes, July 2015, <http://bit.ly/1mbqSMg>

<sup>327</sup> Department for Work and Pensions, Welfare Reform and Work Bill: Impact Assessment to remove the ESA Work-Related Activity Component and the UC Limited Capability for Work Element for new claims. July 2015. <http://bit.ly/1OKiFWI>

<sup>328</sup> Ibid.

<sup>329</sup> Ibid.

<sup>330</sup> Equality and Human Rights Commission, Written Submission of Evidence to the Welfare Reform and Work Bill 2015-16, Public Bill Committee, October 2015, <http://bit.ly/1Vk9GQJ>

<sup>331</sup> Mencap, Halving The Gap? A Review into the Government’s proposed reduction to Employment and Support Allowance and its impact on halving the disability employment gap, December 2015, <http://bit.ly/1NbGY1Q>

250. Furthermore, the DWP's premise that the proposals will incentivise those within the ESA WRAG group into work is based on an OECD report that makes no reference to disability nor that those in the WRAG group have already been assessed by the DWP as having "limited capability for work."
251. In turn, the impact of the proposal on disabled people, or NHS and social care costs have not been considered – all of which will, in the analysis of the review, face increased costs.<sup>332</sup>
252. The mitigation offered by Government – that by working 4-5 hours a week at National Living Wage<sup>333</sup> an affected claimant could recoup the "notional loss" is, the Equality and Human Rights Commission asserts, unsatisfactory. It does not reflect the well documented and significant "barriers to disabled people's access to employment where a claimant has already been assessed as unfit to work. "10% of unemployed disabled people have been out of work for five years or more compared with 3% of the non-disabled population."<sup>334</sup>
253. The cut, the Disability Benefits Consortium make clear, will undermine the "Government's commitment to halve the disability employment gap, and will push sick and disabled people further away from work and into poverty."<sup>335</sup>

### **Evidence of the impacts on child poverty**

254. The Equality and Human Rights Commission has expressly recommended that the Government reverses its decision to freeze the main rates of ESA, the ESA Work Related Activity component and the lower rate disabled child addition in Universal Credit. Should these clauses be enacted, the EHRC has made clear, there will be an undue and unnecessary harmful impact on some disabled people, disabled children, other children and their families. This, the EHRC affirms, will risk contravening the Government's duty under Section 149 of the Equality Act.<sup>336</sup>
255. In November 2014, nearly half of the 490,000 ESA WRAG claimants in Britain placed in the WRAG, were suffering from 'Mental and Behavioural Disorders' including mental health problems, learning disabilities and autism (a further 529,000 ESA claimants were in the assessment phase).<sup>337</sup> With that number expected to rise to 537,000 by 2019-20, lowering by £30 a week the ESA WRAG component without additional financial assistance, will, a prominent review into the proposals has concluded, have an injurious impact on this vulnerable group.<sup>338</sup>
256. Evidence submitted to this inquiry, to the Public Bill Committee, and across a variety of recent and key reports shows that this view is widely held. Disability Rights UK (DRUK) have strongly argued that

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<sup>332</sup> Ibid

<sup>333</sup> Department for Work and Pensions, Welfare Reform and Work Bill: Impact Assessment to remove the ESA Work-Related Activity Component and the UC Limited Capability for Work Element for new claims, July 2015. Available at: <http://bit.ly/1UU4i8o>

<sup>334</sup> Second Reading, Welfare Reform and Work Bill, House of Lords, November 2015. <http://bit.ly/1mmdJAe>

<sup>335</sup> Ibid

<sup>336</sup> Equality and Human Rights Commission, Submission of Evidence to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1Vk9GQJ>

<sup>337</sup> Equality and Human Rights Commission, Written Submission of Evidence to the Welfare Reform and Work Bill 2015-16, Public Bill Committee, October 2015, <http://bit.ly/1Vk9GQJ>

<sup>338</sup> Mencap, Halving the Gap? A Review into the Government's proposed reduction to Employment and Support Allowance and its impact on halving the disability employment gap, December 2015, <http://bit.ly/1NbGY1Q>

“if the payment is removed, new ESA claimants from April 2017 will be uniformly financially penalised with no justification – in effect sanctioned.”<sup>339</sup>

257. This impact however appears to not have been given full and proper consideration in the Department for Work and Pensions’ Impact Assessment published alongside the Bill. The APPG draws attention to analysis undertaken by Lord Low of Dalston CBE, Baroness Meacher and Baroness Grey-Thompson DBE, in their recent report, *Halving the Gap*, which emphasises that the Impact Assessment lacks both depth and quality.<sup>340</sup>
258. Their analysis notes that the DWP’s premise that the proposals will incentivise those within the ESA WRAG group into work is based on an OECD report that makes no reference to disability nor that those in the WRAG group have already been assessed by the DWP as having “limited capability for work.” In turn, the impact of the proposal on disabled people, or NHS and social care costs have not been considered – all of which will, in the analysis of the review, face increased costs.<sup>341</sup>
259. Against this backdrop, Disability Rights UK (DRUK) has drawn the Government’s poor success rate in moving disabled people into work through the Work Programme into sharp relief. Faced with compulsory back-to-work activities or sanctions, DRUK note a MIND report which outlined that 80% of the 500 disabled people it surveyed said their disabilities were not acknowledged or accommodated in the Work Programme which made engaging in activities difficult.<sup>342</sup>
260. In fact, as DRUK point out, “the DWP has no evidence that the new ESA sanction regime has given those whose ESA was significantly reduced a greater incentive to remain in touch with the job market or move into work.”<sup>343</sup> This point, it underlines, was made clear in 2015 by the Social Security Advisory Committee which concluded that we simply do not know if the sanctions “are effective, at least in terms of getting people into good quality jobs.”<sup>344</sup>
261. The ECHR has drawn attention to evidence of systematic failings in the Department for Work and Pensions’ implementation of the Work Capability Assessment – underscored by the DWP’s own analysis which demonstrates that of the 40% of assessments challenged, 33-47% of those challenges result in decisions being overturned.<sup>345</sup> The EHRC observe that for claimants with mental health problems, having an incorrect decision made leading to a sanction, is particularly burdensome.<sup>346</sup>

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<sup>339</sup> Disability Rights UK, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015, <http://bit.ly/1mURYyC>

<sup>340</sup> Mencap, *Halving The Gap? A Review into the Government’s proposed reduction to Employment and Support Allowance and its impact on halving the disability employment gap*, December 2015, <http://bit.ly/1NbGY1Q>

<sup>341</sup> Ibid

<sup>342</sup> Disability Rights UK, Submission to the Parliamentary review focussed on the Government’s proposal to reduce payments for disabled claimants in the Employment and Support Allowance Work Related Activity Group, November 2015, <http://bit.ly/20AK2y0>

<sup>343</sup> Disability Rights UK, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015, <http://bit.ly/1mURYyC>

<sup>344</sup> Social Security Advisory committee, Social Security Advisory committee Occasional Paper 15: Universal Credit: Priorities for action, July 2015. Available at: <http://bit.ly/1PTXB0n>

<sup>345</sup> Department for Work and Pensions, *Employment and Support Allowance: outcomes of Work Capability Assessments*, Great Britain, September 2015. <http://bit.ly/1UIFhKA>

<sup>346</sup> Equality and Human Rights Commission, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015, <http://bit.ly/1mURYyC>

262. Furthermore, *Halving the Gap* outlines a consistent message from disabled people already effected by existing welfare cuts that the proposals would be counterproductive. They would hinder sick and disabled people from entering work through increasing levels of stress and anxiety and compounding mental health conditions. It would further compromise their ability to afford essential access to the internet, telephones, and travel costs to interviews.<sup>347</sup>
263. The Child Poverty Action Group points out that while some claimants may see improvements in their health over time and eventually return to employment – many have permanent disabilities and/or degenerative conditions and may never be fit for work again. They reinforce the findings of the *Halving the Gap*, and state that “reducing financial support will fail to move [ESA WRAG claimants] to the job market but could undermine their health and wellbeing [so] they are *less* capable of work.”<sup>348</sup>
264. The mitigation offered by Government – that by working 4-5 hours a week at National Living Wage<sup>349</sup> an affected claimant could recoup the “notional loss” is, the EHRC asserts, unsatisfactory. It does not reflect the well documented and significant “barriers to disabled people’s access to employment where a claimant has already been assessed as unfit to work. “10% of unemployed disabled people have been out of work for five years or more compared with 3% of the non-disabled population.”<sup>350</sup>
265. The APPG on Health in All Policies draws attention to an open letter to the Secretary of State by over 30 prominent members of the Disability Benefits Consortium, which strongly disputes the Government’s understanding that the 500,000 unwell and sick recipients of the ESA WRAG component are disincentivised from finding work because of the £30 a week more they receive than those on JSA. A recent independent survey of over 500 disabled people shows by contrast that:
- 45% of respondents say that the cut would probably mean they would return to work later;
  - Just 1% said the cut would motivate them to get a job sooner;
  - Almost 7 in 10 (69%) say cuts to ESA will cause their health to suffer;
  - The “vast majority described difficulties” in living on the existing ESA WRAG component of £102.15 – many “highlighted the negative impact on their health and wellbeing.”
  - 28% say they sometimes can’t afford to eat on the current amount they receive from ESA;
  - 40% have become more isolated and less able to see friends or family after their ESA was withdrawn or reduced.<sup>351</sup>
266. In addition, a survey undertaken by charity Macmillan Cancer Support found that one in ten cancer patients would struggle to pay their rent or mortgage if ESA was cut.

<sup>347</sup> Mencap, *Halving The Gap? A Review into the Government’s proposed reduction to Employment and Support Allowance and its impact on halving the disability employment gap*, December 2015, <http://bit.ly/1NbGY1Q>

<sup>348</sup> Child Poverty Action Group, *Welfare Reform and Work Bill*, Commons second reading briefing, 20 July 2015, <http://bit.ly/1Qkj5nG>

<sup>349</sup> Department for Work and Pensions, *Welfare Reform and Work Bill: Impact Assessment to remove the ESA Work-Related Activity Component and the UC Limited Capability for Work Element for new claims*, July 2015. Available at: <http://bit.ly/1UU4i8o>

<sup>350</sup> Scope, *A million futures: Halving the disability employment gap*, April 2014, <http://bit.ly/1yVFaeH>

<sup>351</sup> Disability Benefits Consortium, *National charities and Peers sign Open Letter calling on Government to stop £30-a-week ESA cut*. Available at: <http://bit.ly/1RIT6fb>



267. The cut, the DBC make clear, will undermine the “Government’s commitment to halve the disability employment gap, and push sick and disabled people further away from work and into poverty.”<sup>352</sup> The APPG heard from Dr David Taylor-Robinson, who warned that the impact of these proposals will be “very severe... on families with children who also have people with disabilities.” The sharp increase in levels of poverty among, particularly children living in families affected by disability will, with a further 30% income reduction, be significantly worsened.<sup>353</sup>

268. Dr Taylor-Robinson cautioned that this vulnerable group is particularly at risk of poverty. He underlined that 40% of families affected by disability that have children are living in poverty. Furthermore, Dr Taylor-Robinson outlined that 60% of people on ESA WRAG will remain on it for two years. He asserted that while:

*“...the government says [it is] protecting people with disabilities from the benefits freeze, [it is] neglecting to mention that that group who’ve been found to have a significant impairment to work, are not protected from the benefits freeze or the benefits cap.*

*Previous policies that affected these people’s benefits have already had severe effects on their mental health and haven’t improved their employment. In fact, disability and incapacity benefit [claimants] have increased since 2013 – so the policy has failed in its main objective to reduce the benefits case load. This will further exacerbate those problems.”<sup>354</sup>*

269. The APPG is concerned to observe the latest annual Family Resources Survey, which outlines that after housing costs are taken into account “the percentage of people living in households, where at least one member was disabled, who were in absolute poverty rose from 27% in 2012-13 to 30% in 2013-14.”<sup>355</sup> Recent EHRC data further indicates a “significant increase” in levels of material deprivation for working-age disabled people.<sup>356</sup>

270. ESA offer vital financial assistance to people who are ill or disabled and either able or unable to work. It is an important component of support for those who are in receipt of it. With a predicted increase in the number of people expected to claim ESA, many of who are experiencing mental health and behavioural conditions, the APPG is concerned that this vulnerable group will be further at risk if this component is removed.

271. We heard and received evidence that rather than incentivise and support ill and disabled people into work, the proposals by the Government could have the opposite effect, increasing levels of stress and anxiety, and further compounding mental health conditions, and ultimately hindering people in their ambition to entering work and pushing people further away from work.

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<sup>352</sup> Ibid

<sup>353</sup> Dr David Taylor-Robinson, et al (University of Liverpool Institute of Psychology, Health and Society), Oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>354</sup> Ibid

<sup>355</sup> Department for Work and Pensions, Households Below Average Income: An analysis of the income distribution 1994/95 – 2013/14, June 2015 (United Kingdom). Available at: <http://bit.ly/1KtV8pW>

<sup>356</sup> Equality and Human Right Commission, Is Britain Fairer? The state of equality and human rights 2015. Available at: <http://bit.ly/1RDoAj4>

272. The APPG is also concerned about the impact on families with children who also have people with disabilities. Witnesses to the Inquiry warned of increased poverty in what is already a vulnerable group of people.
273. Finally, the APPG shares the Equality and Human Rights Commission's concern with the Government's proposal to replace the Support for Mortgage Scheme with interest bearing loans, in particular in view of the fact that 33% of those 156,000 recipients of the scheme are in receipt of Employment and Support Allowance. The EHRC is clear that the requirement for ESA claimants to pay interest and administrative fees on top of loan payments – when unwell and unable to work – will cause undue hardship and anxiety.<sup>357</sup>
274. Given that the EHRC has also determined that the proposals under Clauses 13 and 14 will cause unnecessary hardship and anxiety to people who have been independently assessed and found unfit for work, the APPG supports its proposed amendments to the Bill to remove Clauses 13 and 14.<sup>358</sup>

## Conclusions

275. There is no evidence to support the Government's assertion that the reduction of the ESA WRAG component and its equivalent in UC will 'incentivise' disabled people and people who are ill into work. In fact there is evidence that the contrary is true.
276. There is also evidence indicating that more disabled people and their families will be pushed into poverty as a result of these cuts, potentially exacerbating their health and wellbeing.

## Recommendations

277. The APPG supports the recommendations of the Halving the Gap review into the Government's proposed reduction to Employment and Support Allowance and its impact on halving the disability employment gap.
1. Reverse the removal of the ESA WRAG component and the equivalent payment under Universal Credit as proposed in the Welfare Reform and Work Bill.
  2. Conduct a thorough Impact Assessment of the proposed changes to the ESA WRAG, taking into account the impact this measure would have on disabled people, their families, carers, the NHS, local authorities and other DWP benefits.
  3. Provide more disability employment advisers to support claimants in the WRAG to move towards work.
  4. Provide more training in disability and health for general job centre advisers.

<sup>357</sup> Equality and Human Rights Commission, Written evidence submitted by the Equality and Human Rights Commission (WRW 85) to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1Vk9GQJ>

<sup>358</sup> Equality and Human Rights Commission, Welfare Reform and Work Bill, House of Commons – Report Stage, 27 October 2015, <http://bit.ly/1Pu2f5Q>

5. Ensure that the Work and Health Programme, announced in the 2015 spending review, is developed in collaboration with disabled people and disability organisations, in order to ensure that it is a tailored and personalised employment programme for people in the WRAG.
6. The new Work and Health programme should consider the use of new reward and commissioning structures to enable greater employment outcomes for people in the ESA WRAG.
7. Review the current use of conditionality and sanctions for this cohort and attempt to reduce levels of fear and anxiety within the benefits system
8. Fundamentally redesign the Work Capability Assessment, focusing on a holistic approach which understands the barriers to work people face and ensuring this information is used to provide appropriate support.
9. Work more closely with employers to increase awareness of how to best support disabled people and people with complex needs, and undertake a Review of the incentives for employers to take on disabled people and those with health conditions.
10. Take action to ensure all employers are aware of their responsibilities under the Equality Act 2010, penalising those who do not adhere to it.
11. Expand Access to Work to allow more people to benefit from the support offered, and make the administration of claims more accessible.
12. The proposal to replace the Support for Mortgage Scheme with interest bearing loans should be reversed.

## Chapter Six: Conditionality for responsible carers in Universal Credit

### Headline messages:

- Single parents with pre-school children who claim social security would be subject to all work-related requirements for the first time
- There would be no free childcare for children under two, as well as a lack of access to flexible, and affordable childcare that would allow single parents with pre-school children to move into work
- Single parents would pay a financial penalty for the barriers they face to finding employment through sanctions due to conditionality requirements they cannot fulfil

### Recommendations

- The proposal to lower the age of the youngest child when a carer is expected to begin work related activity should be reversed.
- The increase in provision of free childcare for 3-4 year olds for working parents is welcome. However, it must be adequately funded, and extended to include school holidays.
- The Government should ensure that the Impact Assessments of these, and all other elements of the Bill, properly consider the Government's duties under Section 149 of the Equality Act 2010 and any international legal duties to which the UK is signatory.

### Current legislation

278. The Department for Work and Pensions (DWP) emphasises that conditionality is a core principle of universal credit. Those who can, the DWP states, must look for work in return for benefit. The Government defines conditionality as the requirement for claimants to engage in activities “which increase their chances of obtaining paid work (or more or better paid work).”<sup>359</sup>
279. Under the Welfare Reform Act 2012, responsible carers in receipt of Universal Credit with a youngest child aged 3 or 4 are allocated to the Work Preparation Group, and must undertake work preparation activities. These are actions which the Government understands will make them more likely to find work, more work, or higher paid work. The DWP outlines that activities may include:
- Attending a skills assessment;
  - Improving personal presentation;

<sup>359</sup> Department for Work and Pensions, Welfare Reform and Work Bill, Explanatory Notes, 2015-16, July 2015, <http://bit.ly/1mbqSMg>

- Taking part in training;
- Taking part in an employment programme;
- Work experience or a work placement;
- Developing a business plan.<sup>360</sup>

280. Responsible carers with a child aged 1-2 are also required to attend ‘work-focused interviews’ with a DWP Coach or Work Programme Advisor. Claimants within the Work Preparation Group are not required to carry out work search activities or be available for work.<sup>361</sup> Responsible carers may claim income support until their child is five years old, following which point they will be subject to all work-related requirements (unless their circumstances exempt them from this).<sup>362</sup>

281. **Work-focused interviews (WFI):** WFIs are discussions between a claimant and a DWP adviser or Work Programme Coach about what the claimant is doing and needs to do in order to look for work, prepare for work, increase hours if they are already in work, and stay in work.

282. **The Work Programme:** The Work Programme is a “payment-for-results welfare-to-work programme,” delivered by a range of private, public and voluntary sector organisations. Its stated aims are to support those “at risk of becoming long-term unemployed to find and stay in work through providing work experience and training for up to 2 years.” The Department of Work and Pensions outline three principles for the Work Programme:

- I. Service providers are paid almost entirely for results, defined as sustained job outcomes for participants. Payments are higher where participants are further from the labour market;
- II. Local providers are best placed to identify the most effective way of helping people into sustained work, and have freedom to do so without prescription from government;
- III. A long-term commitment: five year contracts to build long term partnerships with specialist supply chains of local providers, and other partners, including local government.<sup>363</sup>

283. **Childcare:** At present, the Government offers free childcare of up to a maximum of 15 hours per week over 39 weeks per year for all 3 and 4 year olds and disadvantaged 2 year olds, worth £2,500 per child, per year irrespective of whether parents are working.<sup>364</sup>

### Proposals under the Welfare Reform and Work Bill 2015-16

284. The Welfare Reform and Work Bill 2015-16 proposes to amend the Welfare Reform Act 2012 so that all responsible carers with a youngest child aged 3 or 4 will be allocated to the All Work Related Requirements group. Responsible carers within this group will be required to look for and be available for work. They will be subject to the general requirements set out in the Welfare Reform Act 2012. Responsible carers with a child aged 2 will be expected to take steps to prepare for work.<sup>365</sup>

<sup>360</sup> Universal Credit, Work Preparation Activities, <http://bit.ly/1SX6FqB>

<sup>361</sup> Universal Credit, Work Preparation Group, <http://bit.ly/1K6Jwk1>

<sup>362</sup> Universal Credit and Families, Questions and Answers, January 2016, <http://bit.ly/1Q23qsl>

<sup>363</sup> Department for Work and Pensions, The Work Programme, December 2012, <http://bit.ly/1QlyEeK>

<sup>364</sup> Prime Ministers’ Office, Government brings forward plans to double free childcare for working families, June 2015, <http://bit.ly/1FOqgBe>

<sup>365</sup> Department for Work and Pensions, Welfare Reform and Work Bill, Explanatory Notes, 2015-16, July 2015, <http://bit.ly/1mbqSMg>

285. The Government also proposes to double the free childcare available to all working parents of 3 and 4 year olds to 30 hours a week (over 38 weeks of the year). It outlines that this childcare support will be available to up to 600,000 families and will be worth around £5,000 a year (including the £2,500 from the existing offer). The Government further outline that Tax-Free Childcare is being introduced, which, it estimates, up to 1.8 million families could benefit from by up to £2,000 per child per year.<sup>366</sup>
286. The system, the Government states, will offer flexibility for responsible carers, with Work Coaches “tailoring work-related requirements to an individual’s circumstances and caring responsibilities.”<sup>367</sup>

### **The Government’s rationale for these proposed changes**

287. The DWP wants to change the rules around conditionality for responsible carers on Universal Credit as, in addition to supporting its deficit reduction plan, it believes this will act as an increased incentive to move into work. The Government believes this will provide better life chances for children (and responsible carers) who no longer live in workless households where income is derived from welfare benefit.
288. However, as the analysis below reveals, the extension of conditionality is not required as an incentive into work. Indeed, ONS data indicates that two thirds of single parents are already in work. Of those who are not in work already, the APPG has heard with concern that they face “significant structural barriers to employment which, in many cases, impedes the likelihood of finding work.”<sup>368</sup> These barriers include lack of flexible/part-time work, and affordable and flexible childcare.

### **Evidence of the impacts on child poverty**

#### **Barriers to employment for lone parents**

289. At the outset, the APPG draws attention to the DWP’s most recent data on current Income Support for Lone Parent Claimants, which demonstrated that 375,000 (98%) of these claimants are female.<sup>369</sup> Gingerbread, a charity providing expert advice for single parents, considers the proposed changes in conditionality a “step-change” since single parents with pre-school children will be subject to all work-related requirements for the first time.<sup>370</sup>
290. That those single parents require incentivisation to work – the basis of the Government’s rationale – is disputed. The move to extend conditionality “ignores the fact that single parents are highly motivated to work.”<sup>371</sup> ONS data indicates that two thirds of single parents are already in work. Of those who are not, the majority “want to work, train or study” but face “significant structural barriers

<sup>366</sup> Prime Ministers’ Office, Government brings forward plans to double free childcare for working families, June 2015, <http://bit.ly/1FOoqBe>

<sup>367</sup> Department for Work and Pensions, Welfare Reform and Work Bill: Impact Assessment of the change in conditionality for responsible carers on Universal Credit, July 2015, <http://bit.ly/1JrurZD>

<sup>368</sup> Gingerbread, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>369</sup> Department for Work and Pensions, Welfare Reform and Work Bill: Impact Assessment of the change in conditionality for responsible carers on Universal Credit, July 2015. Available at: <http://bit.ly/1JrurZD>

<sup>370</sup> Gingerbread, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>371</sup> Ibid

to employment which, in many cases, impedes the likelihood of finding work.”<sup>372 373</sup>

291. There exist structural barriers to employment facing single parents in relation to a lack of flexible and/or part-time jobs which offer pay and progression, and a lack of affordable training to move into good quality – sustainable – jobs. For families with very young children, a ‘work-first’ approach – compelling lone parents to enter insecure or low-paid work with little prospect of progression, Gingerbread stress – will not offer the financial stability required in these critical years.<sup>374</sup>
292. A second structural barrier is lack of access to flexible, appropriate and affordable childcare – without which it is difficult for single parents with pre-school children to move into and sustain work.<sup>375</sup> DWP’s own research outlines that single parents with children aged four or over, in school or nursery, are more likely than those with younger children to find work. 43% of capped single parents in a DWP evaluation cited cost and availability of childcare as barriers to moving into work.<sup>376</sup>
293. The Equality and Human Rights Commission has highlighted concerns that “some [childcare] providers are threatening to leave the scheme through under-funding.” The EHRC warns that this will lead to a lack of availability of suitable, flexible childcare provision that will meet the requirements of working parents.<sup>377</sup>
294. Gingerbread outline that there is no free entitlement for childcare for a child under two. Childcare provision for disadvantaged two year olds is for 15 hours in term-time – not matching requirements of a 16 hours a week job (to escape the benefit cap), or travel time to drop-off and pick up children. It notes a survey by the Family and Childcare Trust, which found significant gaps for young children in 136 local authorities surveyed: 49 had insufficient places for the disadvantaged two year olds offer and 32 had insufficient places for three and four year olds qualifying for free childcare.<sup>378</sup>
295. CPAG further notes that responsible carers with children aged under thirteen who claim universal credit can restrict their hours of job search and availability for work during school hours. By contrast, those whose children are 3 and 4 will not have this flexibility. It underlines that “whether adequate childcare will be made available and whether the regulations will be amended so that responsible carers can restrict their hours of job search around affordable and available childcare will be crucial.”<sup>379</sup>
296. In addition, while the 30 hours free childcare available to “working” parents from September 2017, is welcome, the APPG heard concerns that the hours will either not cover school holidays nor will be available to parents who are not working (yet subject to a work search requirement). There may also be problems with implementation, as currently half of local authorities say they cannot meet the

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<sup>372</sup> Ibid

<sup>373</sup> Office of National Statistics, Working and Workless Households, 2014, October 2014. Available at: <http://bit.ly/1nCwReJ>

<sup>374</sup> Gingerbread, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>375</sup> Ibid

<sup>376</sup> Department for Work and Pensions, In-depth interviews with people affected by the benefit cap, December 2014. Available at: <http://bit.ly/1T0kiwO>

<sup>377</sup> Equality and Human Rights Commission, Written Submission of Evidence to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1Vk9GQJ>

<sup>378</sup> Gingerbread, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>379</sup> Child Poverty Action Group, The Welfare Reform and Work Bill Does it comply with human rights? Response to the Call for Evidence by the Joint Committee on Human Rights, November 2015, <http://bit.ly/20iiXtZ>

Government's current childcare commitments.<sup>380</sup>

297. The conditionality proposal also raises equality and human rights concerns. The Equality and Human Rights Commission has recommended that the Government "specifically reviews the Bill in the context of its obligations under the UN International Covenant of Economic, Social and Cultural Rights, and the other UN treaties that it has ratified." In this context, we further note that children of single parents are twice as likely to be in relative poverty as those in couple parent families.<sup>381</sup>
298. These concerns are reinforced by the CPAG In evidence submitted to this inquiry. CPAG have stressed that full conditionality for "carers of pre-school children would discriminate against women contrary to Article 14 of the European Convention on Human Rights and compromise the UN Convention on the Rights of the Child at Article 18 on parental responsibility and at Article 27 on the right to an adequate standard of living."<sup>382</sup>
299. With regard to Article 14, CPAG has concluded that the increased conditionality is likely to disproportionately affect women on the grounds that:
- I. 92% of lone parents are women, as are 84% of partners who stay at home to care for children;
  - II. A woman who is a responsible carer of a child under five may be required to choose between caring for her young children and searching for a job, attending an unpaid work placement or taking up work that conflicts with her childcare responsibilities;
  - III. Women are disproportionately more likely to be sanctioned as a result of the measure.<sup>383</sup>
300. Contrary to the government's position that "working households have better outcomes in academic attainment, training and future employment", CPAG emphasises that none of the evidence supporting this position relates to children under five or looks at the impact on children of lone parents who are in work. The failure to recognise that impact, has potentially very serious implications for the critical period of early years child development.<sup>384</sup>
301. The UN Committee on the Rights of the Child has stressed the importance of supporting parents during early childhood:
- "Early childhood is the period of most extensive (and intensive) parental responsibilities related to all aspects of children's well-being covered by the Convention: their survival, health, physical safety and emotional security, standards of living and care, opportunities for play and learning, and freedom of expression.*
- Accordingly, realizing children's rights is in large measure dependent on the well-being and resources available to those with responsibility for their care."*<sup>385</sup>

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<sup>380</sup> Ibid.

<sup>381</sup> Equality and Human Rights Commission, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>382</sup> Child Poverty Action Group, The Welfare Reform and Work Bill Does it comply with human rights? Response to the Call for Evidence by the Joint Committee on Human Rights, November 2015, <http://bit.ly/20iiXtZ>

<sup>383</sup> Ibid

<sup>384</sup> Ibid

<sup>385</sup> United Nations, Convention on the Rights of the Child, General Comment No. 7, September 2006, <http://bit.ly/1mmabOp>



302. The APPG is concerned that the requirement for responsible carers to enter full-time work at an early stage – and sanctioning them for failing to do so – would, as CPAG outline, be likely to impact on the child’s right to an adequate standard of living under Article 27 of the UNCRC. CPAG also note that Article 18 provides that:

*“...parents...have the primary responsibility for the upbringing and development of the child” and the state must “render appropriate assistance to parents and legal guardians in the performance of child-rearing responsibilities” and ensure that children of working families can benefit from child-care facilities.”<sup>386</sup>*

303. Gingerbread emphasises the importance of the carer-child relationship and the home learning environment to early years development – and underscores that “parents are best placed to decide the right balance of work and care for pre-school children.” Instead of being pressurised to work, it argues, single parents should be supported to make decisions in the best interest of their children.<sup>387</sup>

### **The impact of sanctions**

304. The APPG heard from Scottish Directors of Public Health and NHS Health Scotland, who expressed concern at the increased risk of sanctions for responsible carers associated with Universal Credit. Lone parents, their children and families, where there is at least one disabled member, are at particular risk. Between 2004-05 and 2014-15, the number of sanctioned lone parents claiming Income Support/JSA doubled (31-60,000) in Britain, despite benefits claims falling substantially.<sup>388</sup>
305. This is echoed by Gingerbread, who point out that under current conditionality rules for Job Seekers Allowance, lone parents already face a disproportionate risk of having an overturned sanction. It argues that by extending conditionality without further action on inconsistent Job Centre Plus advice will risk further unfair sanctions, affecting even younger children.<sup>389</sup>
306. NHS Health Scotland draws attention to One Parent Families Scotland, who argues that the threat and use of sanctions are having a damaging effect on parents and children’s health and wellbeing.<sup>390</sup> In view of the increased conditionality proposed under Clause 15, NHS Health Scotland warns that the consequences for the mental health of lone parents not currently in employment (and for their children’s current health and future life chances) will be damaging.<sup>391</sup>

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<sup>386</sup> Child Poverty Action Group, The Welfare Reform and Work Bill Does it comply with human rights? Response to the Call for Evidence by the Joint Committee on Human Rights, November 2015, <http://bit.ly/20iiXtZ>

<sup>387</sup> Gingerbread, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>388</sup> Scottish Directors of Public Health and NHS Health Scotland, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>389</sup> Gingerbread, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>390</sup> One Parent Families Scotland, OPFS Briefing: Welfare Reform and Work Bill: Report Stage, October 2015. Available at: <http://bit.ly/20JFlyv>

<sup>391</sup> Scottish Directors of Public Health and NHS Health Scotland, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

307. This was also reiterated in evidence to the Work and Pensions Select Committee who recommended an independent review of sanctions policy<sup>392</sup>.

### **The impact of conditionality on children's health and wellbeing**

308. The APPG has heard consistent evidence that the proposed conditionality requirements will have a deleterious impact on child poverty – and in turn will worsen levels of child health in the UK. Barnardo's told us that increasing conditionality on the parents of three year old children would be likely to increase levels of child poverty<sup>393</sup>; while Dr Sharon Hopkins explained that "parents who have more 'pressing' concerns such as ensuring that the bills are paid and there is food on the table, are less concerned with health and wellbeing."<sup>394</sup>
309. The University of Liverpool referred the APPG to analysis demonstrating that the welfare reforms as a whole will see poor children hardest hit by the challenges, in particular those within lone parent families, whose incomes will be significantly reduced.<sup>395</sup> Dr Sharon Hopkins further underlined the significant challenge of tackling the level of poor mental health of parents in poverty. And, as levels of income fall, Dr Hopkins stressed, these problems will be exacerbated. She cautioned, for example, at the direct impact reliance on cheap, processed food has the health and well-being of children.<sup>396</sup>
310. In order to ensure that sustainable employment for lone parents becomes a reality, NHS Health Scotland drew the inquiry's attention to One Parent Families Scotland, and strongly supported its standpoint that "instead of focusing on punitive measures...more attention should be placed on tackling the real barriers which parents face," such as childcare, skills, good quality employability services and flexible employment opportunities.<sup>397</sup>
311. Gingerbread assert that the proposals "will leave single parents paying a financial penalty for the barriers they face to finding employment...through sanctions due to conditionality requirements they cannot fulfil."<sup>398</sup>

### **Conclusions**

312. For the first time, lone parents with pre-school children will be subject to all work-related requirements. Two thirds of lone parents are already in work. Of those who are not, the majority want to work, train or study. The barriers they face, however, to accessing employment impede many from the likelihood of finding it.

<sup>392</sup> House of Commons Work and Pensions Committee, Benefit sanctions, policy beyond the Oakley Review, March 2015, <http://bit.ly/1Q45Pt4>

<sup>393</sup> Barnardo's, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>394</sup> Aneurin Bevan University Health Board-DsPH, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>395</sup> Dr David Taylor-Robinson, et al, (University of Liverpool, Institute of Psychology, Health and Society, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>396</sup> Aneurin Bevan University Health Board-DsPH, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>397</sup> One Parent Families Scotland, OPFS Briefing: Welfare Reform and Work Bill: Report Stage, October 2015. Available at: <http://bit.ly/20JFlyv>

<sup>398</sup> Gingerbread, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

313. If we are to support lone parents in gaining employment, we must address the structural barriers they face including a lack of flexible and/or part-time jobs that offer secure and pay sufficiently. This should be supported by access to suitable and affordable training, enabling lone parents to build on existing skills and develop new ones.
314. This must be supported by access to flexible, appropriate and affordable childcare, this is particularly the case for lone parents with pre-school children. We welcome the government's intention to extend the number of hours of free childcare, however, currently childcare provision for disadvantaged two year old children does not match the needs of a lone parent looking to escape the benefit cap.
315. The APPG is concerned that the requirement for responsible carers to enter full-time work at an early stage of childhood development – and sanctioning them for failing to do so – would, as CPAG outline, be likely to impact on the child's right to an adequate standard of living under Article 27 of the UNCRC.
316. The APPG welcomes and supports the suggestion from NHS Health Scotland that a sensible response would be to extend the provision of 30 hours of free childcare to include school holidays, increasing the likelihood that lone parents are able to gain and sustain employment. They further suggest the restoration of flexibility for lone parents into the benefits system (as regulations rather than guidance).<sup>399</sup>
317. The APPG has heard consistent evidence that the proposed conditionality requirements will have a deleterious impact on child poverty – and in turn will worsen levels of child health in the UK. Levels of child poverty will increase and parents will be faced with difficult 'heat or eat' choices, leaving health and wellbeing lower down the list of priorities.
318. The APPG agrees with the view of NHS Health Scotland that rather than focusing on punitive measures such as sanctions and caps, emphasis should be placed on tackling those real barriers to employment and training that many parents face.

## Recommendations

1. The proposal to lower the age of the youngest child when a carer is expected to begin work related activity should be reversed.
2. The increase in provision of free childcare for 3-4 year olds for working parents is welcome. However, it must be adequately funded, and extended to include school holidays.
3. The Government should reconsider and adopt the recommendations of the Work and Pensions Select Committee report on 'Sanctions beyond Oakley'.
4. The Government should ensure that the Impact Assessments of these, and all other elements of the

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<sup>399</sup> Scottish Directors of Public Health and NHS Health Scotland, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

Bill, properly consider the Government's duties under [Section 149 of the Equality Act 2010](#) and any international legal duties to which the UK is signatory.

## Chapter Seven: Reduction in social housing rents

### Headline messages

- The Government's intention to reduce social housing rent by 1% every year for the next four years has potential serious consequences for the future provision of sustainable affordable housing, including supported housing.
- Huge parts of the country could become unaffordable to those in receipt of welfare or on low incomes, particularly families with two or more children.
- The Bill puts at serious risk the sustainability of provision of key services for tenants, designed to assist them in developing skills to improve their employability.

### Recommendations

- Exemptions should extend to "specified accommodation" which should include supported housing.
- The most vulnerable groups should be exempt from the cap including lone parents, people in temporary accommodation, including as a result of homelessness, individuals and families who are victims of domestic violence.
- The Secretary of State should be required to produce a plan to off-set the impact of lower rent levels on social landlords' provision of affordable housing.
- The Government should ensure that the impact assessments of these, and all other elements of the Bill, properly consider the Government's duties under Section 149 of the Equality Act 2010 and any international legal duties to which the UK is signatory.

### Current legislation

319. The Government sets rent policy for social housing and includes a limit on annual rent increases for private registered providers.<sup>400</sup> In 2014, the Government set out its plan for a ten year rent policy; from April 2015 social and affordable rents would increase by CPI (Consumer Price Index) + 1%. The aim was to enable social landlords to plan for future investment.<sup>401</sup>
320. This effectively ended the previous policy of rent convergence where housing association and council rents (previously subject to a maximum annual rent rise of RPI + 0.5%) moved (by either adding or removing an additional £2/week to/from their social rents) towards a 'target rent' (calculated to take into account a number of things such as property value and number of bedrooms).

<sup>400</sup> House of Commons Library, Briefing Paper – Rent Setting: Social Housing (England), October 2015, <http://bit.ly/1L6dOy9>

<sup>401</sup> Institute for Fiscal Studies, Social Rent Policy: Choices and Trade Offs, November 2015, <http://bit.ly/23Q0oSL>

## Proposals under Welfare Reform and Work Bill 2015-16

321. Clause 20 of the Welfare Reform and Work Bill sets out the Government's intention for registered providers of social housing to reduce the rents payable by their tenants in England by 1% a year for 4 years from April 2016. The four year period commences on 1st April 2016, except if a registered provider's rent year for the greater number of its tenants runs from a date other than the 1st April.<sup>402</sup>
322. The policy also requires that when rents for new tenants are set these should reflect the 1% per annum reduction. The rent baseline is calculated by reference to the rent payable on 8 July 2015, or, with the consent of the Secretary of State, an alternative permitted review day.<sup>403</sup>
323. The Regulator of Social Housing will have the power to grant a full or partial exemption to a private registered provider, where it considers that complying would jeopardise the financial viability of that provider and with agreement from the Secretary of State for Work and Pensions. Statutory guidance will set out the circumstances for an exemption, although the Department for Work and Pensions expect that these circumstances will be limited.<sup>404</sup>
324. Clause 22 allows for exceptions from the Rent Standard (RS). Accommodation already exempted is likely to remain so, e.g. specialised supported accommodation, residential care homes and nursing homes, given that they often operate on lower profit margins and have higher rents. The Government is considering whether the existing definitions are appropriate and will set out details in secondary legislation to ensure regulations laid under clause 20 protect vulnerable groups.<sup>405</sup>

## The Government's rationale for these proposed changes

325. The Government wants to limit the growth in social housing rents which it states has contributed to the rise in the housing benefit bill – estimated to be £13bn".<sup>406</sup> The Impact Assessment outlines that the proposals will deliver an in-year housing benefit saving of £1.995 billion by 2020-21 (£1.44 billion in savings to the taxpayer) on the basis that most social housing tenants receive housing benefit and most of these have their rent paid in full. The Government believes this will "reset the levels of rents in the social housing sector, which over recent years have become out of kilter with private rents," and will reduce average rents for households in the social housing sector by around 12% by 2020.<sup>407</sup>
326. The Government has also announced that social tenants with household incomes of over £40,000 in London and over £30,000 outside will be charged higher rents. This, it states, will allow housing associations to retain these additional incomes, allowing "hundreds of millions pounds per year of to support their business plans to invest in services for their tenants."<sup>408</sup> The Government believes that these measures are "fair" and that they have "no impact on the majority of social housing tenants whose rent is paid by housing benefit."

<sup>402</sup> House of Commons, Welfare Reform and Work Bill 2015-2016, <http://bit.ly/1UU4i8o>

<sup>403</sup> Ibid.

<sup>404</sup> Ibid.

<sup>405</sup> Ibid.

<sup>406</sup> HM Treasury, Summer Budget 2015: Key announcements, July 2015, <http://bit.ly/1TI9650>

<sup>408</sup> Department for Work and Pensions, Welfare Reform and Work Bill: Impact Assessment of Social Rent Reductions, July 2015, <http://bit.ly/1iNyhA5>

327. However, as the analysis below will outline, this inquiry has heard that for every £1 invested by the Government in housing, housing associations invested £6 and built one in three new homes.<sup>409</sup> The National Housing Federation estimates a loss of more than £3.85 billion in rental income over the four year period.
328. This, it believes, will significantly undermine the ambition and ability of housing associations, and undermine confidence in the sector and its ability to raise capital investment for future developments. Estimates of fewer homes being built as a consequence range from 14,000-27,000.<sup>410</sup> This could also put at risk vital schemes put in place directly to address the ambitions of the welfare reforms, including to tackle worklessness, as housing associations focus on protecting core services.
329. Disquiet has also been expressed about the potential impact of the changes to benefits (through the cap, the four year freeze and Child Benefit reductions) resulting in effectively pricing individuals and families out of the housing market, and confining them “to the very worst accommodation in the bottom 10-20%”.<sup>411</sup>

## **Evidence of the impacts on child poverty**

### **The future sustainability of social housing**

330. Almost 3.2 million households live in the social rented sector in England. Of those, 1.2 million are lone parents with dependent children, and 580,000 are families with dependent children.<sup>412</sup> Whilst ostensibly the rent reduction appears to be good news for tenants in social housing, only a few will directly benefit. The reduction has potential consequences for the future provision of sustainable affordable housing, including supported housing. Furthermore, it has implications for provision of key services for tenants, designed to assist them in developing skills to improve their employability.
331. According to the Chartered Institute of Housing (CIH) social landlords “built almost 60,000 homes in 2014-15 and made significant investment in employment and training support – undermining [social landlords] income by cutting rents is going to make it tougher to build new homes when we desperately need to.”<sup>413</sup>
332. According to the National Housing Federation (NHF), housing associations in 2014 built one in three new homes (40,000) – and for every £1 invested by the Government in housing, housing associations invested £6. It is widely acknowledged that there is a shortage of suitable, affordable housing in the UK. There is concern that these proposals will further erode housing associations’ ability to invest in

<sup>409</sup> National Housing Federation, Submission of Written Evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015, <http://bit.ly/1QlgM3v>

<sup>410</sup> Ibid.

<sup>411</sup> Chartered Institute of Housing, Submission of Written Evidence to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1PfK5a8>

<sup>412</sup> Department for Work and Pensions, Housing Benefit caseload statistics, August 2015, <http://bit.ly/21fGgba>

<sup>413</sup> Chartered Institute of Housing, Submission of Written Evidence to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1PfK5a8>

“...revitalising local economies, providing supported housing for vulnerable people, and creating jobs and helping more people into work”.<sup>414</sup>

333. Concern has been expressed about the proposed rent reduction by a number of housing organisations, associations and national charities concerned with supporting and empowering people who experience homelessness. These concerns focus on the long-term provision of social and affordable housing as a consequence of the reduction, which have not been factored into previous business models. Homeless Link’s research showed that 90% of residential homelessness services rely upon housing benefit as a key funding stream.<sup>415</sup>
334. In its submission to the Public Bill Committee, the NHF estimates a loss of more than £3.85 billion in rental income over the four year period. This, it believes, will significantly undermine the ambition and ability of housing associations, and undermine confidence in the sector and its ability to raise capital investment for future developments. Estimates of fewer homes being built as a consequence range from 14-27,000.<sup>416</sup>
335. The House of Commons Library has noted in this context that the rating agency for social landlords, Moody’s, has reportedly said that “a traditional credit strength of English [housing associations] has been the predictability of the policy environment and the sector’s strong ties to government. This stability has been eroded by the sudden removal of the rent-setting formula, which was preceded by limited consultation.”<sup>417</sup>
336. Disquiet has also been expressed about the potential impact of the changes to benefits (through the cap, the four year freeze and Child Benefit reductions) resulting in effectively pricing individuals and families out of the housing market, and confining them “to the very worst accommodation in the bottom 10-20%”.<sup>418</sup>

*“In London, where the lower quartile rent for a two bedroom property is £254 [per week], [a two child family on £20,000] would require earnings of £42,100 (a 210%pay-rise...)”<sup>419</sup>*

### Temporary accommodation

337. The APPG draws attention to the National Federation of Arms’ Length Management Organisation’s (NFA) (ALMOs) submission to the Public Bill Committee. NFA is the trade representing all housing across England. The 40 ALMOs manage 564,000 council properties across 43 local authorities, at

<sup>414</sup> National Housing Federation, Submission of Written Evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015, <http://bit.ly/1QlgM3v>

<sup>415</sup> Homeless Link, Submission of Written Evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015, <http://bit.ly/1nRufcl>

<sup>416</sup> National Housing Federation, Submission of Written Evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015, <http://bit.ly/1QlgM3v>

<sup>417</sup> House of Commons Library, Briefing Paper – Rent Setting: Social Housing (England), October 2015, <http://bit.ly/1L6dOy9>

<sup>418</sup> Chartered Institute of Housing, Submission of Written Evidence to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1PfK5a8>

<sup>419</sup> Ibid.



arms' length from parent local authorities. The ALMOs have consistently identified to the NFA a number of consistent problems with proposals under Clause 20 of direct relevance to this inquiry.<sup>420</sup>

338. While the Government assert that Clause 20 represents good value for money, NFA is concerned that the decision not to increase rents by 2% will “have a long term adverse impact on Councils Housing Revenue Accounts – and councils’ ability to build more housing for homeless households in temporary accommodation and future generations requiring low cost rented housing.”<sup>421</sup>
339. In turn, forcing councils to cut their (already very low) rents further, will “inadvertently increase [the] welfare bill by cutting the number of new homes available to rent at lower rents to newly forming households and homeless households in temporary accommodation.” The consequence, NFA assert, will be a forced movement towards private rented sector – where “average rents are already more than double average council rents.” In turn, this will increase those rents, and will have a knock on effect on housing support through Universal Credit or Local Housing Allowance rates.<sup>422</sup>
340. In England alone, over 68,500 households are in temporary accommodation (arranged by local authorities), 25% of which are couples with dependent children and 47% are lone parents. Of those families in temporary accommodation, 3,010 live in bed and breakfast accommodation, 960 of which have been resident beyond the limit of six weeks. There were also 3,520 families with children living in hostels (including women’s refuges).<sup>423</sup>
341. Temporary accommodation is used by local authorities to offer a critical safety net to those who are vulnerable, at risk of homelessness, or in emergency housing need. Households in this situation may be in financial difficulty and at a distance from the job market. The cumulative impact of the Bill, reducing families’ ability to afford to cover the cost of suitable housing, risks increasing the number of families classified as homeless. This will have a pronounced effect on families with three or more children renting privately, who may find many parts of the country unaffordable.<sup>424</sup>
342. CPAG point to the danger of a potential cycle of homelessness for families in temporary accommodation:
- “As a result, families who are accepted as homeless and then placed in temporary accommodation could be made homeless again due to their inability to cover their costs as a result of the benefit cap.”*<sup>425</sup>
343. The cap will also affect those living in temporary accommodation, potentially reducing further their ability to find suitable affordable housing. The Summer Budget 2015 included an announcement that an additional £800 million over the next five years would be available for discretionary housing

<sup>420</sup> National Federation of ALMOs, Submission to the Public Bill Committee on the Welfare Reform and Work Bill 2015-16, September 2015, <http://bit.ly/1PuEzhH>

<sup>421</sup> Ibid.

<sup>422</sup> Ibid.

<sup>423</sup> Department for Work and Pensions, Statistical data set Live tables on homelessness, December 2015 <http://bit.ly/1uFds8W>

<sup>424</sup> Child Poverty Action Group, Welfare Reform and Work Bill, House of Lords: Second Reading Briefing, November 2015

<sup>425</sup> HM Treasury, Summer Budget 2015: Key announcements, July 2015, <http://bit.ly/1TI9650>

payments, mitigating the effect of reductions to housing benefit and the universal credit for housing costs.<sup>426</sup>

344. However, concern has been raised about the potential ‘postcode lottery’ that may result as a consequence of the discretionary nature of the payments, with possible differences in how local authorities allocate it, in applying for the payment, and the consequent increase in uncertainty and anxiety.<sup>427,428</sup> There is also concern that demand on this funding would increase “to the point that it will not be possible for councils to house homeless families in affordable accommodation.”<sup>429</sup>
345. The NHF has called for people living in temporary accommodation to have their housing costs omitted from the benefits cap calculation in the same way tenants in support ‘exempt accommodation’ have.<sup>430</sup>

### Exemptions and exceptions

346. Whilst the Bill makes provision for some exceptions to the reduction in rent, e.g. in low cost homeownership or in shared ownership properties, as is outlined in the Impact Assessment, the situations in which the Regulator of Social Housing will be able to exercise their power (with agreement by the Secretary of State), to exempt a private registered provider will be limited to situations where the reduction jeopardises the financial viability of the provider alone.<sup>431</sup>
347. An amendment to exempt “specified accommodation” (generally interpreted to include supported housing) from the rent reduction was withdrawn in October 2015 due to lack of government support. The impact may be felt more by supported housing than general needs housing due to the higher costs involved in their running and management. Not including “specified accommodation” in the exemption could, according to one provider, result in “a loss of 104 schemes, removing 1,969 support spaces, including 228 spaces for domestic violence victims”.<sup>432</sup>
348. Whilst the recent moratorium for a year on the decrease in housing benefit for all supported housing is welcome, more reassurance as to what will happen from 2017 needs to be given. In addition it is unclear if the reduction in housing benefit introduced as part of the Autumn Statement across all social housing will also apply to supported housing.

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<sup>426</sup> Child Poverty Action Group, Welfare Reform and Work Bill Clauses 7 and 8: the Benefit Cap House of Commons Bill Committee Stage Briefing, September 2015, <http://bit.ly/1S8LJ0T>

<sup>427</sup> Child Poverty Action Group, Ask CPAG Online - What is a Discretionary Housing Payment? Accessed February 2016, <http://bit.ly/20Pe1PF>

<sup>428</sup> House of Commons Library, Briefing Paper: Discretionary Housing Payments, July 2015, <http://bit.ly/1Plycea>

<sup>429</sup> House of Commons Library, Briefing Paper, Households in temporary accommodation (England), January 2016, <http://bit.ly/1nWArRO>

<sup>430</sup> National Housing Federation, Submission of Written Evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015, <http://bit.ly/1QlgM3v>

<sup>431</sup> Department for Work and Pensions, Welfare Reform and Work Bill: Impact Assessment of Social Rent Reductions, July 2015, <http://bit.ly/1iNyhA5>

<sup>432</sup> National Housing Federation, Submission of Written Evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015, <http://bit.ly/1QlgM3v>

### The impact on the wider role of housing associations on tackling worklessness

349. NFA have informed the Public Bill Committee that ALMOs are reviewing not only their “repairs and maintenance spend,” but considering streamlining or stopping altogether “value services” such as those helping people into work and reducing fuel poverty. NFA warn of a “real risk that badly needed projects, such as supported and sheltered housing schemes which could reduce revenue cost for health and social care and general new build may have to be reconsidered.”<sup>433</sup>
350. Contrary to the position outlined within the Government’s Impact Assessment, NFA are unequivocal that “it is unrealistic to imagine that the rent loss for councils can be accommodated through efficiency savings alone.” It makes clear that many key services – and staff – have already been restructured, and that “the scope for further efficiency savings of this nature is limited.” NFA outline that schemes to tackle worklessness are at particular risk, as its members protect core services.<sup>434</sup>

#### NFA: Examples of Council schemes to tackle worklessness at risk

**Wolverhampton Homes:** The Learning, Employment and Achievement Programme (LEAP) has helped more than 150 council tenants and their families to get work experience, training and qualification opportunities. Approximately 45 tenants register for LEAP each month. The scheme provides pre-employment skills ranging from qualifications to workplace skills. It offers work experience placements and a twelve-month paid apprenticeship and chance to study for an NVQ.

**Barneslai Homes:** The Community Refurbishment scheme provides basic construction training to people not in employment or training with the goal of encouraging them to gain a qualification and access employment or full time training. Many trainees struggled in education and are given the opportunity to combine practical skills of construction with formal training at Barnsley College to achieve an NVQ level 2 in general construction or multi skills. In 2012-13 the scheme had 47 apprentices who completed training. Of those who left the scheme early, 67% are in work.

**Northwards Housing:** The Yes Scheme provides job opportunities, training, business advice, money advice and work/voluntary experience to tenants and residents throughout north Manchester, in a district with 10% unemployment. It is a critical response to welfare reform. By directly helping tenants gain new skills and employment, and access the internet digital skills, it helps them adapt to the “digital-by-default” approach welfare change. In its first nine months over 3,000 people used Yes and 94 found jobs or training.

**Stockport Homes:** Stockport Homes recognise that customers seeking work usually require tailored interventions. They set up a “Framework of Opportunity” to use with each customer to develop their own journey to work. The Framework provides advice, assistance and develops skills. By 2014 it had supported over 100 people into work, assisted 265 customers on their journey to work and directly provided over 3,000 hours of volunteering to Stockport Homes and Stockport communities.<sup>435</sup>

<sup>433</sup> National Federation of ALMOs, Submission to the Public Bill Committee on the Welfare Reform and Work Bill 2015-16, September 2015, <http://bit.ly/1PuEzhH>

<sup>434</sup> Ibid.

<sup>435</sup> Ibid.

## Housing and its role in health and wellbeing

351. The relationship between housing and health is complex. However, the health impacts of living in sub-standard housing are well documented. Conditions such as damp, overcrowding, cold and indoor pollutants have a negative impact on health.<sup>436</sup> Barnardo's has heard that families are increasingly cutting back on heating. The impact of fuel poverty on health and wellbeing includes circulatory and respiratory diseases and worsened mental health through increased stress and anxiety (for example, resulting from the so-called 'eat or heat' choice).<sup>437</sup>
352. This can also impact on children and young people's ability to learn if there is no warm or quiet place for them to study, or if they are off school with cold-related illness, with obvious potential consequences for their educational attainment. Action for Children has told this inquiry that:

*"Living in poverty has far-reaching consequences. In the short-term, growing up in a low-income family can often impact on children's diets as well as the quality and amount of clothing, toys and other resources they need to be warm, happy and healthy. It can mean living in low quality housing, leaving children open to health risks as cold, damp and overcrowding.*

*These hardships can affect both children's and their parents' physical and mental health. Poor housing also negatively impacts upon educational outcomes: for example, living in a crowded space with thin walls can make it hard to find a quiet and comfortable place to study."*<sup>438</sup>

## Affordability of homes

353. In 2013, it was estimated that 3.6 million children live in 'bad housing' (e.g. housing that fails to meet the decent homes standard). The Child Poverty Action Group, in evidence submitted to this inquiry, also point out that "children living in poverty are almost twice as likely to live in bad housing, with significant effects on their physical and mental health, and on their educational achievement".<sup>439</sup>
354. Also in 2013, the link between market rates and housing benefit was broken and replaced with a 1% uprating of the local Housing Allowance (used to determine housing benefit entitlement for those renting privately and determined by rents in the local area). This resulted in a gap between rising rents and housing benefit.
355. With the proposed freeze on the local Housing Allowance, housing affordability across the country will be impacted, particularly in those areas where rents are increasing at a faster rate, such as London. The freezing of local Housing Allowance rates could have a negative effect particularly for those families in those areas in receipt of housing benefit when they may find their area no longer affordable to live in.

<sup>436</sup> Natcen Social Research, People Living in Bad Housing, Numbers and Health Impacts, October 2013, <http://bit.ly/1TMThGc>

<sup>437</sup> UK Health Forum, Fuel Poverty, How to Improve Health and Wellbeing Through Action on Affordable Warmth, April 2014, <http://bit.ly/1Puweuz>

<sup>438</sup> Action for Children, Submission of Written Evidence to the All Party Parliamentary Group on Health in All Policies inquiry into the impact of the Welfare Reform and Work Bill 2015-16 on child poverty and child health, January 2016, <http://bit.ly/20CTukp>

<sup>439</sup> Child Poverty Action Group, Welfare Reform and Work Bill, House of Lords: Second reading briefing, November 2015, <http://bit.ly/1RYQcXs>

## Conclusions

356. Whilst ostensibly the rent reduction appears to be good news for tenants in social housing, only a few will directly benefit. The impact of the reduction will have far reaching consequences. Not just for the long-term provision of affordable and social housing, but for those who rely on the services and programmes put in place by local authorities and housing associations – funded through the income received from social housing rents.
357. The APPG has looked at the evidence on the likely impact of provision of affordable housing. Whilst estimates range between 14,000 and 27,000 the impact is clear. There will be a substantial reduction in the number of houses being built annually at a time when many acknowledge there to be a housing shortage in the UK.
358. The plight of families and individuals faced with homelessness, desperately needing the safety net that local authorities can provide through accessibility to temporary accommodation will be deepened, with increased risk of being trapped in a cycle of homelessness as their benefits are capped, and the cost of providing suitable housing rises.
359. There is also the very real danger that many families will be priced out of the housing market, as the gap between rent and income rises, particularly in cities such as London where rents are increasing at a faster rate. This could see families forced to move home with the subsequent upheaval this entails.
360. We have also reviewed the evidence of the link between housing and health. We are concerned at the impact on children's health and wellbeing of living in sub-standard housing. We know that many will be faced with making the difficult choice between heating their home or buying enough food.
361. We are also concerned that the wider work undertaken by housing associations, investing in their local economies, supporting programmes to tackle worklessness and providing services through their supported housing schemes will be at risk as a consequence in the reduction of income resulting from the 1% cut to social rents. Housing associations play an important role in their communities and this must be maintained.

## Recommendations

1. Exemptions should extend to "specified accommodation" which should include supported housing.
2. The most vulnerable groups should be exempt from the cap including lone parents, people in temporary accommodation (including as a result of homelessness), individuals and families who are victims of domestic violence.
3. The Secretary of State should be required to produce a plan to off-set the impact of lower rent levels on social landlords' provision of affordable housing.
4. The Government should ensure that the Impact Assessments of these, and all other elements of the

Bill, properly consider the Government's duties under [Section 149 of the Equality Act 2010](#) and any international legal duties to which the UK is signatory.

## Chapter Eight: The cumulative impacts of the welfare reform and work bill on child poverty, child health and inequalities

362. Whilst at time of writing seven impact assessments for specific elements of the Bill have been published by the Department for Work and Pensions, including assessments on the impact of the benefit cap, removal of the ESA work-related activity component, the benefit rate freeze and changes to the child element and family element of tax credits and universal credit, no assessment of the impact of the Bill as a whole, or on its cumulative impact, has been made. Nor do the impact assessments fully model the impacts of the Bill on poverty or on the increase in employment.<sup>440</sup>
363. Evidence to this Inquiry has raised serious concerns about the rationale for the proposals contained within the Welfare Reform and Work Bill 2015-16. These focus in particular on what we have been told will be the impact of the reforms not only on the most vulnerable in our society, but also on people and families who are already in work.
364. This chapter sets out the summary evidence on what we have been advised will be the impact of the reforms on child poverty, child health and inequalities.

### The measurement of child poverty

365. Given the causal relationship between child poverty and cognitive, social-behavioural and health outcomes, the new 'life chances' measures may contribute to a "dynamic picture of poverty and opportunity within the UK".<sup>441</sup> However, all witnesses were unequivocal on the imperative for the existing measures of child poverty and their targets, as delineated within the Child Poverty Act 2010, to be preserved within the new legislation as part of a portfolio of measures.
366. The Bill is likely to give rise to "dramatic increases in absolute and relative poverty over the next five years" with households with three or more children experiencing a 20-33% increase in poverty.<sup>442</sup>
367. There are an estimated 3.5 million children living in poverty. An analysis by RCPCH shows that as a consequence of the Government's policies, "4.7 million children [are] projected to be living in poverty by 2020." They warn that the proposals will "compound and potentially worsen the current health inequalities for children and young people".
368. APPG Members were forewarned that the UK is "about to see a natural experiment [under which] benefits are going to be cut very much more sharply for families with three or more children."<sup>443</sup> This will manifest itself inevitably in poorer parental and child health outcomes, e.g. poorer educational attainment, longstanding and limiting illnesses, poorer mental health and increased risk of suicide,

<sup>440</sup> Department for Work and Pensions, Welfare Reform and Work Bill 2015-16, Bill Documents, Impact Assessments, <http://bit.ly/1UU4i8o>

<sup>441</sup> Joseph Rowntree Association, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>442</sup> Joseph Rowntree Foundation, Does Money Affect Children's Outcomes? A systematic review, 2013, <http://bit.ly/1OVBDdE>

<sup>443</sup> Dr Kitty Stewart (Joseph Rowntree Foundation), oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

higher mortality rates, and significant effects on children's wellbeing, sense of self-worth, and likelihood of indulging in risky behaviours.

369. Those leading on the 1,001 Critical Days Manifesto are agreed that "society is missing an opportunity if we don't prevent problems before they arise."<sup>444</sup> If the opportunity is missed, "the Government's aim [and Prime Minister's commitment] to improve life chances through educational attainment and tackling of other social issues will be undermined."<sup>445</sup>
370. The Child Poverty Action Group has highlighted to the APPG that "by focusing only on workless households, more than 60% of children in poverty will be missed as they live in working households."<sup>446</sup>

### **The benefits cap, four year benefits freeze and changes to the Universal Credit work Allowance**

371. The DWP's own analysis reveals that 35% of households have, as a consequence of the existing household benefits cap, spent less on household essentials. The Equality and Human Rights Commission warn that this is likely to be exacerbated under proposals set out in the Bill to further lower the cap.<sup>447</sup>
372. The Department for Work and Pensions, in its Impact Assessment of the Bill, indicates that 90,000 more children will face poverty as a direct consequence of the decision to lower the cap.<sup>448</sup> The Children's Society estimate that this may be as much as 140,000.<sup>449</sup>
373. As an immediate consequence [of the cap], Child Poverty Action Group (CPAG) outline, parents may be unable to meet the basic, essential needs of their children. They underline that at its present level, a couple with two children who are affected by the cap "receive benefits worth just 61% of the poverty line."<sup>450</sup>
374. Whilst lowering the cap will seriously impact on many, often vulnerable, families who will be affected by it, the four year benefit freeze will have an even wider impact. According to the Institute of Fiscal Studies, the freeze will impact negatively upon 13 million families, 7.4 million of whom are in work – and reliant on state support.<sup>451</sup>
375. Dr Hopkins stressed that the benefit cap of £23,000 "will mean that in 75% of areas in England housing will be unaffordable for couples with three children (based on three bedrooms in the private

<sup>444</sup> 1,001 Critical Days, The 1,001 Critical Days: The Importance of the Conception to Age Two Period: A Cross-Party Manifesto, ND, Available at: <http://bit.ly/1CB6BX6>

<sup>445</sup> The Rt. Hon David Cameron, Prime Minister's speech on life chances, January 2016, <http://bit.ly/1ULhMBH>

<sup>446</sup> The Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016, <http://bit.ly/2ONVBif>

<sup>447</sup> Equality and Human Rights Commission, Written evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015

<sup>448</sup> Department of Work and Pensions, Welfare Reform and Work Bill: Impact Assessment for the benefit cap, July 2015. Available at: <http://bit.ly/1UU4i8o>

<sup>449</sup> The Children's Society, Numbers and proportions of children affected by the benefit cap, ND. Available at: <http://bit.ly/1SGftRw>

<sup>450</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>451</sup> Institute for Fiscal Studies, IFS Post-Budget Analysis: Benefit changes and distributional analysis. Available at: <http://bit.ly/1eJHKWW>



sector).” In 38% of areas housing will be unaffordable for lone parents with three children – likely to be higher still with a benefit cap of £20,000 outside London.<sup>452</sup>

376. CPAG outline that lone parents with young children are less likely than other groups to move off the cap. They refer to the Government’s estimates that 59% of those who will have their benefits reduced by the cap will be single female parents.<sup>453</sup> It is of concern that families in temporary accommodation, including women and children who have fled domestic abuse, may be severely affected due to their high housing costs.
377. CPAG have informed the APPG that the Universal Credit (Work Allowance) Amendment Regulations 2015 will mean working couples with children in rented housing will lose around £830 per year, and non-renters almost £1700 per year; while lone parents, CPAG estimate, will lose £1,150 per year if renting and over £3,200 if not.<sup>454</sup>
378. The IFS estimate that 3.2m households will be £1800 a year worse off under the Universal Credit. Various analyses on the actual reductions in household income of different families has also been estimated; for example, Liverpool Economics estimates that a single parent with two children will lose £2400 pa and disabled people £2000 pa.<sup>455</sup>
379. CPAG presented a range of models for the impacts of the Universal Credit (Work Allowance) Amendment Regulations 2015 on the income of families with children. Families with children will have their universal credit withdrawn by 65% (65p in the pound) when they earn anything over £192 per month, or £397 per month if they receive no help with their housing costs as part of their claim, i.e. non-renters). This is a profound reduction from the previous entitlement, under which a couple with children could earn £222 (£536 for non-renters), and a lone parent £263 (£734 for non-renters), before the withdrawal.<sup>456</sup>
380. The Regulations will mean working couples with children in rented housing will lose around £830 per year, and non-renters almost £1700 per year; while lone parents, CPAG estimate, will lose £1,150 per year if renting and over £3,200 if not. As CPAG outlines, “the children of single parents are already at twice the risk of living in poverty as those in couple families, and this will exacerbate their disadvantage.”<sup>457</sup>

### **Child Tax Credits and the child element of Universal Credit**

381. The Child Poverty Action Group has calculated that at present, “Child Benefit and maximum tax credit cover only between 72.6% and 84% of [the cost of raising a third child].” The reduction of

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<sup>452</sup> Dr Sharon Hopkins (Cardiff and Vale University Health Board), Oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>453</sup> Department of Work and Pensions, Welfare Reform and Work Bill: Impact Assessment for the benefit cap, July 2015. Available at: <http://bit.ly/1UU4i8o>

<sup>454</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>455</sup> Kumar A. So, Osborne scrapped tax credit cuts – but what of universal credit? November 2015, <http://bit.ly/1ogiNf3>

<sup>456</sup> Child Poverty Action Group, Draft note on cuts to Universal Credit, December 2015, <http://bit.ly/20NVBif>

<sup>457</sup> Ibid

£3,670 will therefore have a significant impact on the ability of parents to provide essential household goods for their children.<sup>458</sup>

382. Attention was drawn to Institute for Fiscal Studies estimates that returning child tax credit to 2003 levels would result in £5.1 billion of cuts leading to 300,000 more children living in poverty.<sup>459</sup>
383. Based on the current profile of tax credit claimants, the DWP estimates that by 2020-21, 640,000 families will be impacted by the changes to Child Tax Credit and Universal Credit, while over a million families will no longer be entitled to the family element or the first child premium in tax credit and Universal Credit.<sup>460</sup> Of the families receiving Child Tax Credit at the moment, the Child Poverty Action Group highlight that over 1/3 [34%] are already in poverty.<sup>461</sup>
384. Preliminary figures from the Institute for Fiscal Studies (IFS) outline “dramatic increases in absolute poverty and relative poverty over the next five years, particularly, not surprisingly, in households with 3 or more children.” The IFS, Dr Kitty Stewart warns, predict a 20-33 per cent poverty rate increase for households with 3 or more children.<sup>462</sup>
385. Families with disabled children will also be affected by this measure. As the report ‘Counting the Costs’<sup>463</sup>

### **Abolition of the Employment Support Allowance (ESA) Work-Related Activity Component**

386. Reducing Employment Support Allowance (ESA) by nearly £30 from £102.15 to £73.10 per week for disabled people in the ESA Work Related Activity Group and who have been found not fit for work, will push more disabled people and their families into poverty.
387. Should these clauses be enacted, the Equality and Human Rights Commission (EHRC) has made clear, there will be an undue and unnecessary harmful impact on some disabled people, disabled children, other children and their families. This, the EHRC affirms, will risk contravening the Government’s duty under Section 149 of the Equality Act.<sup>464</sup>
388. In November 2014, nearly half of the 490,000 ESA WRAG claimants in Britain placed in the WRAG, were suffering from ‘Mental and Behavioural Disorders’ including mental health problems, learning disabilities and autism (a further 529,000 ESA claimants were in the assessment phase).<sup>465</sup> With that number expected to rise to 537,000 by 2019-20, lowering by £30 a week the ESA WRAG component

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<sup>458</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>459</sup> Ibid

<sup>460</sup> Department for Work and Pensions, Welfare Reform and Work Bill: Impact Assessment of Tax Credits and Universal Credit, Changes to Child Element and Family Element, July 2015. Available at: <http://bit.ly/1UU4i8o>

<sup>461</sup> Child Poverty Action Group, Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>462</sup> Dr Kitty Stewart (Joseph Rowntree Foundation), Oral evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health, January 2016

<sup>463</sup> Contact a family, Counting the Costs 2014, 2014, <http://bit.ly/1QloKPL>

<sup>464</sup> Equality and Human Rights Commission, Submission of Evidence to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1Vk9GQJ>

<sup>465</sup> Equality and Human Rights Commission, Written Submission of Evidence to the Welfare Reform and Work Bill 2015-16, Public Bill Committee, October 2015, <http://bit.ly/1Vk9GQJ>

without additional financial assistance, will, a prominent review into the proposals has concluded, have an injurious impact on this vulnerable group.<sup>466</sup>

389. *Halving the Gap* outlines a consistent message from disabled people already effected by existing welfare cuts that the proposals would be counterproductive. They would hinder sick and disabled people from entering work through increasing levels of stress and anxiety and compounding mental health conditions. It would further compromise their ability to afford essential access to the internet, telephones, and travel costs to interviews.<sup>467</sup>

### **Conditionality for responsible carers in Universal Credit**

390. Gingerbread, a charity providing expert advice for single parents, considers the proposed changes in conditionality a “step-change” since single parents with pre-school children will be subject to all work-related requirements for the first time.<sup>468</sup>
391. Barriers to employment include flexible, part-time working and childcare. The Equality and Human Rights Commission has highlighted concerns that “some [childcare] providers are threatening to leave the scheme through under-funding.” The EHRC warns that this will lead to a lack of availability of suitable, flexible childcare provision that will meet the requirements of working parents.<sup>469</sup>
392. CPAG have stressed that full conditionality for “carers of pre-school children would discriminate against women contrary to Article 14 of the European Convention on Human Rights and compromise the UN Convention on the Rights of the Child at Article 18 on parental responsibility and at Article 27 on the right to an adequate standard of living.”<sup>470</sup>
393. The proposed conditionality requirements will have a deleterious impact on child poverty – and in turn will worsen levels of child health in the UK. Increasing conditionality on the parents of three year old children would be likely to increase levels of child poverty<sup>471</sup>; and that “parents who have more ‘pressing’ concerns such as ensuring that the bills are paid and there is food on the table, are less concerned with health and wellbeing.”<sup>472</sup>

### **Reduction in social housing rents**

394. The National Housing Federation estimates a loss of more than £3.85 billion in rental income over the four year period. This, it believes, will significantly undermine the ambition and ability of housing associations, and undermine confidence in the sector and its ability to raise capital investment for

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<sup>466</sup> Mencap, *Halving the Gap? A Review into the Government’s proposed reduction to Employment and Support Allowance and its impact on halving the disability employment gap*, December 2015, <http://bit.ly/1NbGY1Q>

<sup>467</sup> Mencap, *Halving The Gap? A Review into the Government’s proposed reduction to Employment and Support Allowance and its impact on halving the disability employment gap*, December 2015, <http://bit.ly/1NbGY1Q>

<sup>468</sup> Gingerbread, *Written evidence to the Welfare Reform and Work Bill Public Bill Committee*, September 2015

<sup>469</sup> Equality and Human Rights Commission, *Written Submission of Evidence to the Welfare Reform and Work Bill Public Bill Committee*, October 2015, <http://bit.ly/1Vk9GQJ>

<sup>470</sup> Child Poverty Action Group, *The Welfare Reform and Work Bill Does it comply with human rights? Response to the Call for Evidence by the Joint Committee on Human Rights*, November 2015, <http://bit.ly/20iXtZ>

<sup>471</sup> Barnardo’s, *Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health*, January 2016

<sup>472</sup> Aneurin Bevan University Health Board-DsPH, *Written evidence to the All Party Parliamentary Group on Health in All Policies inquiry into child poverty and health*, January 2016

future developments. There is concern that these proposals will further erode housing associations' ability to invest in "...revitalising local economies, providing supported housing for vulnerable people, and creating jobs and helping more people into work".<sup>473</sup>

395. Estimates of fewer homes being built as a consequence range from 14,000-27,000.<sup>474</sup>
396. The potential impact of the changes to benefits could result in effectively pricing individuals and families out of the housing market, and confining them "to the very worst accommodation in the bottom 10-20%".<sup>475</sup> Health impacts of living in sub-standard housing are well documented. Conditions such as damp, overcrowding, cold and indoor pollutants have a negative impact on health.<sup>476</sup>
397. The cap will also affect those living in temporary accommodation, potentially reducing further their ability to find suitable affordable housing, and may lead to a potential cycle of homelessness for families in temporary accommodation.<sup>477</sup>

## Summary

398. There is strong evidence that the cumulative effect of the measures proposed by the Bill are likely to increase levels child poverty for those households affected by them. The APPG noted that the IFS's analysis that the net effect of other tax and welfare system changes would not offset the loss of income to people on the lowest incomes, and that 60% of children who would be living in poverty will be in working households. Families with one or more disabled member including disabled children, lone parents, families at risk of homelessness, families with three or more children and other vulnerable groups will be most affected.
399. The implications for the health and wellbeing of these children are clear. In addition exposure to poverty in childhood is likely to negatively affect these children's health and life chances in the long term.
400. The distribution of these impacts will also reflect the availability of affordable housing with the reduction of the benefit cap, the 1% reduction in housing benefit and the rationalisation of social housing rents all affecting this.

<sup>473</sup> National Housing Federation, Submission of Written Evidence to the Welfare Reform and Work Bill Public Bill Committee, September 2015, <http://bit.ly/1QlgM3v>

<sup>474</sup> Ibid.

<sup>475</sup> Chartered Institute of Housing, Submission of Written Evidence to the Welfare Reform and Work Bill Public Bill Committee, October 2015, <http://bit.ly/1PfK5a8>

<sup>476</sup> Natcen Social Research, People Living in Bad Housing, Numbers and Health Impacts, October 2013, <http://bit.ly/1TMThGc>

<sup>477</sup> HM Treasury, Summer Budget 2015: Key announcements, July 2015, <http://bit.ly/1TI9650>

## **Appendix 1: Recommendations from the APPG on Health in All Policies on the Welfare Reform and Work Bill 2015-16**

For each of these measures the Government should ensure that the Impact Assessments of these, and all other elements of the Bill, properly consider the Government's duties under Section 149 of the Equality Act 2010 and any international legal duties to which the UK is signatory.

The Secretary of State should undertake a full, comprehensive and evidence based impact assessment of the cumulative impact of the Bill on child poverty, child health and inequalities.

### **Chapter 2: Measuring Child Poverty**

- The existing measures and targets of child poverty as outlined within the Child Poverty Act 2010 should be maintained;
- The existing duty on local authorities to produce a child poverty needs assessment and to work collaboratively to eradicate child poverty should be retained;
- The existing duty on the Secretary of State to develop a national strategy for tackling child poverty should be retained?
- The Bill should include a provision to publish a life chances strategy that addresses all ages across the life-course, including early years, and maps a path towards progress;
- A full, evidence based, impact assessment and evaluation of the Chancellor's annual budget statement as it relates to child poverty and inequality should be a statutory requirement;
- The next Child Poverty Strategy should be focused on health inequalities and supported by cross-government departments;
- The next Child Poverty Strategy should define a cross-departmental Child Health Strategy, agree measurable targets to evaluate progress, and appoint a Children's Minister to coordinate and direct integration across health, education, and social care.

### **Chapter 3: The benefits cap, four year benefits freeze and changes to the Universal Credit Work Allowance**

- The existing measures and targets of child poverty as outlined within the Child Poverty Act 2010 should be maintained;
- The existing duty on local authorities to produce a child poverty needs assessment and to work collaboratively to eradicate child poverty should be retained;
- The existing duty on the Secretary of State to develop a national strategy for tackling child poverty should be retained?
- The Bill should include a provision to publish a life chances strategy that addresses all ages across the life-course, including early years, and maps a path towards progress;
- A full, evidence based, impact assessment and evaluation of the Chancellor's annual budget statement as it relates to child poverty and inequality should be a statutory requirement;
- The next Child Poverty Strategy should be focused on health inequalities and supported by cross-government departments;

- The next Child Poverty Strategy should define a cross-departmental Child Health Strategy, agree measurable targets to evaluate progress, and appoint a Children's Minister to coordinate and direct integration across health, education, and social care.

#### **Chapter 4: Child Tax Credits and the child element of the Universal Credit**

- The proposal to restrict the individual child element of Child Tax Credit to two children per family for those families who become responsible for a child or children or qualifying young person(s) born on or after 6 April 2017 should be reversed;
- The proposal to limit the child element of Universal Credit to include amounts in respect of a maximum of two children or qualifying young persons should be reversed.

#### **Chapter 5: Abolition of the Employment Support Allowance (ESA) Work-Related Activity Component**

- The APPG supports the recommendations of the Halving the Gap review into the Government's proposed reduction to Employment and Support Allowance and its impact on halving the disability employment gap;
- Reverse the removal of the ESA WRAG (Work Related Activity Group) component and the equivalent payment under Universal Credit as proposed in the Welfare Reform and Work Bill;
- Conduct a thorough Impact Assessment of the proposed changes to the ESA WRAG, taking into account the impact this measure would have on disabled people, their families, carers, the NHS, local authorities and other DWP benefits;
- Provide more disability employment advisers to support claimants in the WRAG to move towards work;
- Provide more training in disability and health for general job centre advisers;
- Ensure that the Work and Health Programme, announced in the 2015 spending review, is developed in collaboration with disabled people and disability organisations, in order to ensure that it is a tailored and personalised employment programme for people in the WRAG;
- The new Work and Health programme should consider the use of new reward and commissioning structures to enable greater employment outcomes for people in the ESA WRAG;
- Review the current use of conditionality and sanctions for this cohort and attempt to reduce levels of fear and anxiety within the benefits system;
- Fundamentally redesign the Work Capability Assessment, focusing on a holistic approach which understands the barriers to work people face and ensuring this information is used to provide appropriate support;
- Work more closely with employers to increase awareness of how to best support disabled people and people with complex needs, and undertake a Review of the incentives for employers to take on disabled people and those with health conditions;
- Take action to ensure all employers are aware of their responsibilities under the Equality Act 2010, penalising those who do not adhere to it;
- Expand Access to Work to allow more people to benefit from the support offered, and make the administration of claims more accessible;

- The proposal to replace the Support for Mortgage Scheme with interest bearing loans should be reversed.

### **Chapter Six: Conditionality for responsible carers in Universal Credit**

- The proposal to lower the age of the youngest child when a carer is expected to begin work related activity should be reversed;
- The increase in provision of free childcare for 3-4 year olds for working parents is welcome. However, it must be adequately funded, and extended to include school holidays;

### **Chapter Seven: Reduction in social housing rent**

- Exemptions should extend to “specified accommodation” which should include supported housing;
- The most vulnerable groups should be exempt from the cap including lone parents, people in temporary accommodation, including as a result of homelessness, individuals and families who are victims of domestic violence;
- The Secretary of State should be required to produce a plan to off-set the impact of lower rent levels on social landlords’ provision of affordable housing.

All-Party Parliamentary Group (APPG)  
on Health in All Policies

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