All Party Parliamentary Group for Families in the Early Years

Chair: Lucy Powell MP

Vice Chairs: Bishop of Durham and Tim Loughton MP
Secretary: Ian Mearns MP; Treasurer: Earl of Listowel
Secretariat: Coram Family and Childcare

Poverty in the Early Years

Committee Room 16, Palace of Westminster, 3 December 2018

The Rt Rev. the Lord Bishop of Durham welcomed the guests and speakers, and introduced the topic of child poverty and how recent policy changes have affected and will affect poverty in the early years, and possible solutions that would reduce the extent and depth of child poverty.

Alison Garnham, Chief Executive of Child Poverty Action Group opened the meeting by discussing how recent benefit cuts are affecting low income families. She shared that the value of benefits is decreasing: child benefit will lose 23 per cent of its value by 2020, tax credits are impacting working families and families with young children, and £4 billion benefit cuts are still to come. The roll out of Universal Credit, a lack of childcare support for low income families and the two child policy will leave people worse off. Alison argued that when family budgets are stretched, social security needs to step in to make work pay and prevent child poverty. Alison also discussed their *Cost of a Child* research which found that even parents working full time on the minimum wage are 11 per cent short of what they need to meet the basic costs of raising a child. 67 per cent of children in poverty have working parents and one million more children are expected to be in poverty by 2021. Alison concluded that there cannot be a separation between early years policy and poverty policy and would like to see an end to the benefit freeze, a fix for Universal Credit and a Sure Start revival. The free entitlement should be returned to its original child development objectives and the requirement to be in paid work for the additional 15 hours should be abolished.

Stephen Brien, Director of Policy at Legatum spoke about the Social Metrics Commission's new measure of poverty for the UK. The Commissioners decided that the true definition of poverty would be where available material resources do not meet immediate material needs and so included costs that families face. The total resources available were calculated by looking at net income and other available resources and subtracting inescapable family specific costs such as housing, childcare, disability and social care. The Commission then set a benchmark for social norms and a threshold under this for poverty, creating the poverty line. The Commission wanted to identify which segments of society were most likely to be in poverty and why, rather than focusing on the absolute number of people in poverty. They found that children were more likely to be in poverty than any other group and almost three times as likely to be in poverty than pensioners. 4.5 million children are in poverty with children in lone parent households twice as likely to be in poverty than children in couple parent households. Over time, there has been an increase in poverty among the lone parent group. Stephen highlighted concerns around long term and persistent poverty and the detrimental impact on children's lives. Stephen also believes broader emotional experiences should be considered as well as financial.

Adam Corlett, Senior Economic Analyst at the Resolution Foundation spoke about poverty rates and how the roll out of universal credit is likely to affect the incomes of families. Adam began by highlighting the delays in poverty statistics and how this leads to a delay in public debate. Adam then shared that the highest poverty rates are for the youngest children (0-1) with child poverty set to rise to 37 per cent by 2021. Projections also show that relative child poverty will reach record levels during this parliament. Adam also discussed how the rise in employment and wage growth is not enough to offset benefit cuts especially as, in its 40 year history, child benefit has never been less generous to parents. Mothers working full time are in the minority which impacts household incomes. The solution could be to make work pay for mothers, increasing the number of dual earning households but Adam recognised the limits to what parents can do and suggested that reducing parenting gender inequalities and improving cash support from the state is part of the answer. Adam shared statistics which show that almost half of children under 12 and almost all of single parent households will be on Universal Credit. He argued that Universal Credit should have a second earner work allowance for parents, a boost to the single parent work allowance and a reduced taper. Other solutions include an end to the benefits freeze, restoring of the family element in Universal Credit and abolition the two child limit, and an increase to child benefit. Adam concluded that reformed childcare funding is needed and we need to think carefully about leave, working hours and cash support for parents.

The meeting was then opened up to discussion from other attendees. Concerns around the benefit cap and the two child limit affecting parents with young children the most were raised. There was discussion around what would make the biggest difference for families and how money could be spent effectively. Some felt that the focus should be on in work poverty, those who are more than 25 per cent below the poverty line and those in consistent poverty while others felt that the cuts to benefits for lone parent families should be stopped. Money could be spent on increasing the child element of Universal Credit, child benefit and raising work allowances.

It was raised that childcare support is benefitting wealthier families more than low income families. Some believed that there should be cash support for parents and that the labour market needs to do more about low paid insecure jobs, and flexible hours. Some felt that there is not enough discussion about the poverty gap and the impact of benefit cuts on people already in poverty. There was discussion around whether housing had an impact on child poverty. Some felt that rent caps would help as the number of children in privately rented housing is increasing while others felt there would be long term problems with rent caps.