



The Life Chances of Children

Debate on the Address – Life Chances Strategy

The Children's Society welcomes the focus on children's Life Chances by the current Government. We are pleased at the recognition of debt as a causal factor of poor outcomes for children, but remained concerned that there is still insufficient recognition of the impact of income on children's life chances.

Inclusion of problem debt

The recognition of the impact of problem debt on children and families as a driver of deprivation is a welcome step forward. We believe that the absence of a measure of problem debt has always been a limitation of the current Child Poverty Act. Almost 1.4 million UK families with 2.4 million dependent children are currently in problem debt. Previous research by The Children's Society and Stepchange Debt Charity showed that 10% of families had previously taken out credit to pay for food for their children, while a third of parents (33%) have borrowed money over the last 12 months to pay for essentials¹.

We know from the families that we work with, and our research, that a large proportion of a family's income can go on repaying debt every month – substantially reducing the money available for meeting the basic needs of children in the household. As shown in The Debt Trap² report, on average families in problem debt owe £3,437 or an estimated total of £4.8bn in arrears to service providers, creditors and government, both national and local.

Lack of recognition of income

Child poverty, using the low income measures in the Child Poverty Act, must remain at the heart of any life chances strategy. We would like to see the Government introduce a statutory breathing space scheme to help families in problem debt, which would postpone collection activity and additional interest to give time for families to seek debt advice and get back on top of their finances.

The Children's Society acknowledges that worklessness is a key driver of child poverty. Where one or more parents are out of work as a result of illness or unemployment, households are considerably more likely to be in poverty. It should be noted, however, that while work can be a key route out of poverty, it is by no means a guaranteed one. The majority of children living in poverty are in families who work – the most recent Government data³ highlights that the majority

¹ https://www.childrenssociety.org.uk/sites/default/files/debt_trap_report_may_2014.pdf

² Ibid

³ Households Below Average Income, Department for Work and Pensions, 2015
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437246/households-below-average-income-1994-95-to-2013-14.pdf

of children in poverty - 62% - are living in working households. For this reason a Life Chances Strategy, must focus on in-work low income as well as worklessness.

The Children's Society research⁴ has also found that lower levels of household income, recent decreases in income and greater adult economic concerns about the future are all associated with children having lower than average levels of well-being. The impact of poverty on children's life chances will be further compounded by the current four year freeze on working age benefits announced in the Welfare Reform and Work Bill. Freezing Child Tax Credits, Working Tax Credits and Job Seekers' Allowance – rather than raising them in line with living costs – could see affected families losing up to 12% from the real value of their benefits and tax credits by 2020⁵.

We welcome the Government's focus on promoting the life chances of all the most disadvantaged. Among these are undoubtedly the 144,000 estimated undocumented children living in the UK whose immigration status is uncertain but whose future is in the UK⁶. The majority of these children were born in the UK and their families have lived in the UK for many years. The vast majority of destitute families approaching The Children's Society for support with accessing services either have an application or appeal pending for leave to remain in the UK from the Home Office, meaning their long term future may be in the UK. These children find their access to vital services support such as health care, legal aid, private rented accommodation and support from local authorities is increasingly being restricted on the basis of their or their parents' status. Without access to a regular income, either through access to the labour market or mainstream benefits, or the means of attaining it, these children face a life of destitution and are at high risk of abuse and exploitation.

Questions for the Minister

- Will the Minister confirm if the Government will implement a Breathing Space scheme for those struggling with problem debt as recommended by the Work and Pensions Select Committee?
- Will the Minister consider reversing the four-year benefit freeze which will affect more than 7 million children, with approximately two thirds living in working households?

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⁴ The Good Childhood Report, The Children's Society, 2015

<https://www.childrenssociety.org.uk/sites/default/files/TheGoodChildhoodReport2015.pdf>

⁵ Future of Family Income, The Children's Society, 2016 <http://www.childrenssociety.org.uk/sites/default/files/the-future-of-family-incomes-23-2-16.pdf>

⁶ <http://www.childrenssociety.org.uk/sites/default/files/making-life-impossible.pdf>