

# Consultation on the draft Child Poverty Strategy 2014-17: The Children's Society response

## Introduction

The Children's Society supports nearly 48,000 children and young people every year through our specialist services and children's centres. We believe in achieving a better childhood for every child but have a particular focus on children who have nowhere else to turn, such as children living in poverty, young carers, young refugees, children at risk on the streets, disabled children and children in trouble with the law. We seek to give a voice to children and young people and influence policy and practice so they have a better chance in life.

We welcome much of the work set out in the Child Poverty Strategy to address child poverty both now and in the future. However, we are concerned that the most recent projections indicate that far from meeting the target of eradicating child poverty by 2020, by that point 1.1 million more children will live in poverty compared to 2011.

## Summary of recommendations

For this reason, substantial additional action is needed to address child poverty. This report sets out a range of recommendations for action to achieve this, including:

- **The Child Poverty Strategy should include further reference to action to address the impact of household debt on family incomes, and more support for those unable to escape poverty through earnings alone.**
- **The government should work with creditors and the free debt advice sector to develop a 'Breathing Space' scheme. This would give struggling families an extended period of protection from default charges, mounting interest, collections and enforcement action.**
- **Grant asylum seeking families permission to work after 6 months.**
- **The government should make sure all children living in families in poverty automatically get the Warm Home Discount.**
- **The government must more robustly include all children from asylum-seeking and migrant families within its strategy to accurately reflect the true extent of children living in poverty in the UK and to fully acknowledge the drivers which keep this vulnerable group in poverty.**

- **The government should ensure that asylum support mechanisms are aligned with mainstream benefits, and that no child is forced to live on inadequate levels of support. This at a minimum includes abolishing cashless Section 4 support for children and families, and bringing support for children aged 16 and 17 in line with that of other children to ensure that all families are able to meet costs of living, education and are able to participate in society.**
- **There should be no further cuts in funding for key early intervention services for children and families.**
- **Funding for children's centres must be maintained over the course of the next parliament to provide stability and enable long-term planning.**
- **Funding for children's centres should be ring-fenced so that there is adequate provision for the service to provide support to young children and their families.**
- **The government should use the opportunity provided by the introduction of Universal Credit to provide a Free School Meal to all children in families in receipt of the new benefit.**
- **The government should establish a wider trial of credit union accounts, including linking this in to financial education in schools, to establish the effectiveness of this approach in promoting savings to young people.**
- **All Local Authorities need to take seriously their new responsibilities for delivering financial support to families in financial crisis and have effective systems of local welfare assistance in place – in particular ensuring that low income working families are able to access support.**
- **The government should reconsider its decision to stop funding local welfare assistance schemes from April 2015.**
- **Every Local Authority should have a debt collection strategy in place which includes measures to address the impact of collection on children.**
- **All Local Authorities should share Live Birth Data with Children's Centres in their local area in order to ensure that centres are able to contact the most disadvantaged families in their local area.**

## Consultation questions

### 1. To what extent do you agree that the draft Strategy achieves a good balance between tackling poverty now and tackling the drivers of intergenerational poverty?

Child poverty is the lack of material resources necessary for a decent standard of living. Such material resources do not need to be in the form of income, and may include such things as housing quality.

However, this does not mean that all action on child poverty must directly address material deprivation alone. Indeed, such a strategy would neglect the action that needs to be taken on issues such as children's education, which drive intergenerational poverty.

It is crucial to both measure and act on those factors which are underlying drivers of child poverty. This is consistent with the Prime Minister's arguments that not enough has been done to tackle these *underlying causes* of poverty:

*"We have to think about the causes of poverty. We have to disaggregate the problem – to look at the various types of poverty that exist, and the factors that contribute to them. Because for most people, material poverty is a consequence of other factors."<sup>1</sup>*

For this reason we support the government's approach to addressing child poverty by addressing both child poverty now through action on earnings and living standards, and tackling the drivers of intergenerational poverty, particularly through action to address poor educational attainment.

The Children's Society welcomes many of the steps the government has taken towards addressing child poverty both now and in the future. This includes additional support with childcare costs for families in receipt of Universal Credit, and Free School Meals for all children aged 5-7. Measures such as these will make a real difference to children in poverty.

However, there are aspects to both child poverty now, and in the future, which it would be beneficial to address in more detail in the strategy. These include:

**i. Support for those unable to work, or make work pay** - although we agree that for those who are able to do so, work can be an effective route out of poverty, there is a need to recognise that for some groups further work is still needed to ensure work pays. For other groups, such as sick or disabled parents, or those seeking asylum, employment may not be an option at all.

**ii. The impact of family debt** - as discussed in more detail in the following section, household debts can deeply undermine the benefits of employment. For this reason we would like to see the impact of family debt more entrenched into the child poverty strategy.

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<sup>1</sup>://www.conservatives.com/News/Speeches/2006/11/David\_Cameron\_Tackling\_poverty\_is\_a\_social\_responsibility.aspx

**Recommendation: The Child Poverty Strategy should include further reference to action on household debt on family incomes, and more support for those unable to escape poverty through earnings alone.**

## **2. Considering the current fiscal climate, what is your view of the actions set out in the draft Strategy?**

We welcome the positive steps included in the strategy, which have been taken to deliver progress on child poverty. These include Free School Meals for all 5-7 year olds, extended childcare provision for families in receipt of Universal Credit, and the introduction of the Pupil Premium to address educational attainment amongst the most disadvantaged.

However, we are deeply concerned that the overall child poverty strategy will not succeed in meeting the government's commitment to eradicating child poverty by 2020. In fact, the most recent projections from the Institute for Fiscal Studies suggest that rather than moving towards the target by the end of the decade, Child Poverty (after housing costs) will have risen by 1.1 million between 2011 and 2020<sup>2</sup>.

As a result we believe significantly further actions are needed to ensure the strategy is sufficient to meet the obligations prescribed by the child poverty act. This includes actions on employment and earnings, on costs of living, and on education.

### **i. Employment and earnings**

Whilst some of the actions outlined in the strategy will make a difference to employment and earnings, considerably more action is needed. In particular, we believe that additional action is needed to address family debt, which can undermine family income.

### **Action on debt - A "breathing space" scheme**

The new "Debt Trap" report from The Children's Society and Stepchange debt charity found that an estimated 2.4 million children are living in families with problem debt. In total, families with children are behind with payments of £4.8bn to service providers and creditors (including national and local government).

High rates of repayment on debts can mean that otherwise adequate earnings levels are insufficient to maintain a decent standard of living for families. Too often problem debt means their children miss out on the basics. Nine out of ten parents in problem debt have cut back on essential items for their children within the last year so they could keep up payments on debts.

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<sup>2</sup> <http://www.ifs.org.uk/bns/bn144.pdf>

However, we know that the impact of debt on families can go well beyond the ability to pay for basic essentials, also causing children worries, damaging their relationships with family and friends, and having an impact on their education.

For example, our report found that families trapped in problem debt are more than twice as likely to argue about money problems, leading to stress on family relationships, and causing emotional distress for children.

Around six in ten children surveyed in families with problem debt said that they often worried about whether their family had enough money.

The presence of problem debt also damages children's relationships with their peers. More than half of children aged 10-17 in families with problem debt said they had been embarrassed because they lacked the things that their peers had, and nearly one in five said they had been bullied as a result. In both cases, children in families with problem debt were twice as likely to suffer these problems as other children.

Evidence suggests that problem debt can lead to children facing difficulty in school. Around a quarter of children in problem debt were unhappy with their life at school – making them nearly twice as likely as other children to be unhappy in this area of their life. We believe there is a danger this may have a long-term, detrimental impact on their prospects.

Problem debt can also have a profound impact on children's ability to engage in social activities. Almost three-quarters (73%) of children whose parents are currently in arrears note that their parents found it hard to pay for their social activities. This compares to 37% of those whose parents are not in arrears.

**Recommendation: The government should work with creditors and the free debt advice sector to develop a 'Breathing Space' scheme. This would give struggling families an extended period of protection from default charges, mounting interest, collections and enforcement action.**

### **The right to work for families seeking asylum**

Another driver of childhood poverty is the government's policy which prevents asylum seeking parents from working, leaving families dependent on support from the Home Office. The current policy is that asylum applicants can only apply for permission to work after 12 months if their claim has not been decided. However, even then the list of occupations to which they can apply is so limited that in practice very few individuals are granted permission. However, as the cross-party parliamentary inquiry into asylum support for children and young people highlighted, family worklessness has serious implications for children's development, educational attainment and aspirations for their future.

The government's own research highlights that delayed entry to the labour market, loss of skills and confidence, and difficulty getting qualifications recognised can cause problems for families even when status is granted, leading to high levels of unemployment and under-employment<sup>3</sup>. Evidence submitted to the inquiry indicates that these restrictions can contribute to poorer mental health among family members, dysfunctional family relations<sup>4</sup> and

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<sup>3</sup> Home Office (2010) Spotlight on Refugee Integration: Findings from the Survey of New Refugees in the United Kingdom, Research Report 37, Refugee Action, Written Evidence Submission

<sup>4</sup> Asylum Support and Immigration Resource Team, Birmingham (ASIRT) Written Evidence Submission

have an impact on parents' self-esteem and self-confidence'<sup>5</sup>. Families who gave evidence to the inquiry also spoke about how their diminished self-esteem and confidence can be passed on to their children. As a result, children are left without positive role models. According to submissions, embedding a cycle of worklessness within refugee communities prolongs the poverty and hardship the families face.<sup>6</sup>

Furthermore, there is no evidence to suggest that changing this policy would result in greater numbers of asylum applicants. In fact, policies which relate to the welfare of asylum seekers including policies on permission to work have been found not to impact on the number of applications made in destination countries<sup>7</sup> and the government has accepted this position<sup>8</sup>. The inability to work leaves asylum seeking parents powerless to support their family, protect their children from poverty and directly contributes to a loss of their skills while children are left without positive role models. We find this policy entirely at odds with other government policies aimed at tackling child poverty and encouraging work.

**Recommendation: grant asylum seeking families permission to work after 6 months.**

## **ii. Costs of living**

### **A Warm Home Discount for all families with children living in poverty**

Introduced in April 2011, the Warm Home Discount requires the Big Six domestic energy suppliers to provide £135 towards energy bills for low income, vulnerable households - enough to pay a typical family's energy bills for a month.

Low income pensioners in the 'core' eligibility group automatically get this amount deducted from their energy bills. A 'broader' group of claimants from vulnerable households are also eligible, at the discretion (within limits) of their energy supplier. However, unlike the Core Group, the Broader Group need to apply to their supplier for help. In these cases, even if they are eligible, the energy company is not obliged to provide the discount in every case, since the amount of support available is limited.

As a result, **this winter nearly 2 million children in poverty are in families that will miss out on the Warm Home Discount.** Many of these children are in families that are excluded because they are in low paid work.

We are concerned that for many families, if they don't get the help they need with their heating bills, the only option is to survive in a cold home, or to cut back on other essentials, such as food and clothes.

### **The reality for children living in poverty**

Through our services we see, first-hand, the crisis facing families who struggle to heat their homes. To highlight the impact of fuel poverty on some of the most vulnerable families The

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<sup>5</sup> Dr Elaine Chase, University of Oxford, Evidence Session 2, 27 November 2012

<sup>6</sup> Page 13 and 14 - Parliamentary inquiry into asylum support for children and young people  
[http://www.childrensociety.org.uk/sites/default/files/tcs/asylum\\_support\\_inquiry\\_report\\_final.pdf](http://www.childrensociety.org.uk/sites/default/files/tcs/asylum_support_inquiry_report_final.pdf)

<sup>7</sup> Hatton, T (2011) Seeking Asylum: Trends and policies in the OECD, Centre for Economic Policy Research, 2011, referenced in Still Human Still Here, Written Evidence Submission

<sup>8</sup> Letter to Lord Roberts on 31 March 2014 from The Earl Attlee in relation to amendments debated during the Immigration Bill.

Children's Society recently published the report *Behind Cold Doors: The chilling reality for children in poverty*<sup>9</sup> which found that:

- More than three million families were likely to cut back on food so they can pay their energy bills last winter.
- Two-thirds of parents living in the UK – five million families – were likely to turn their heating down last winter because they couldn't afford to pay their energy bills. Of these, more than half were worried about their children becoming ill as a result.
- Turning the heating on is driving many families into debt. Around 500,000 families consider taking out a loan to help them with the costs of heating their home.
- Too many children lived in cold or damp homes this winter. Based on our recent survey of 2000 children in the UK, we found that around 10% of children (1.3 million) said that their home suffers from damp or mould and around 28% of children (3.6 million) thought that their home was too cold. In extreme cases, health conditions associated with the cold may contribute to children's deaths. Statistics show that there were 110 more deaths among children in winter 2011-12 than at other points of that year.
- A typical couple with two children would now need to spend £1400 per year in order to heat their home adequately.
- Almost two million children in poverty are in families that are missing out on the Warm Home Discount. Many are excluded because their parents are in low paid work.

*"We only have the heating on for about three hours at most...in the morning when the children are getting ready, after school for a bit and at bedtime. I wear my jacket or dressing gown on top of my clothes."*

Amanda, mother of four living in fuel poverty and interviewed for the *Behind Cold Doors: The chilling reality for children in poverty* report (January 2014).

The government has an opportunity to seize the opportunity to make sure that no child living in poverty lives in a home that does not receive a Warm Home Discount. In the coming months we are expecting the government to consult on the operation of Warm Home Discount from 2015/16 and have an opportunity to look again at the way the scheme operates.

**Recommendation: The government should make sure all children living in families in poverty automatically get the Warm Home Discount.**

Eligibility could be based on families receiving Child Tax Credit and earnings of less than £10,000 per year. This would mean an extra 3.3 million children (1.7 million low income households) would get this crucial support to help heat their homes. We also recommend moving these families into the 'core' eligibility group, so that the discount is automatically applied to their energy bill.

Moving families with children that are living in poverty into the core eligibility group for the Warm Home Discount would have three key advantages:

1. The family of every child in poverty would receive a discount on their energy bill to help them with their heating costs.
2. These families would not have to approach their energy supplier for help; the Warm Home Discount would be applied automatically to their bills.

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<sup>9</sup> [http://www.childrensociety.org.uk/sites/default/files/tcs/behind\\_cold\\_doors\\_-\\_final.pdf](http://www.childrensociety.org.uk/sites/default/files/tcs/behind_cold_doors_-_final.pdf)

3. All energy suppliers would have consistent eligibility criteria, meaning that no child in poverty will miss out simply because their family get energy from a particular company.

## **Asylum support**

Families with dependent children fleeing war and persecution from abroad are generally destitute when they arrive in the UK and are entitled to receive support from the Home Office under the Immigration and Asylum Act 1999. This is provided to around 10,000 children each year. Levels of financial support provided to families seeking asylum are extremely low with some families receiving as little as half of what families receive under mainstream benefits and lower still for families where a child or parent has a disability<sup>10</sup>. This places families in the asylum support system well below the poverty threshold and means that they cannot meet children's welfare needs. Despite this, children on asylum support are still not captured by national child poverty statistics: asylum seekers, those without accommodation or with no fixed abode are not captured within the Family Resources Survey which determines the numbers of children living in qualifying households<sup>11</sup>.

**Recommendation: The government must more robustly include all children from asylum-seeking and migrant families within its strategy to accurately reflect the true extent of children living in poverty in the UK and to fully acknowledge the drivers which keep this vulnerable group in poverty.**

The Children's Society supported a cross-party parliamentary inquiry on asylum support for children and young people in 2012-13<sup>12</sup> which highlighted the serious implications of an inadequate support system on children's health, well-being and development. By providing some families with as little as £5 per day per person, the current asylum support system severely limits a family's ability to access essential living needs or indeed the full range of needs that children have to learn, develop and participate in society. In practice this means that children cannot access nutritious food regularly, warm clothing in the winter and are prevented from participating in education fully<sup>13</sup> including attending school trips with their peers.

In its recent inquiry into Asylum, the Home Affairs Select Committee was critical of the Home Office's use of the parallel system of support under Section 4 (Immigration and Asylum Act 1999) for refused asylum seekers. The Committee stated they "*are not convinced that a separate support system for failed asylum seekers, whom the Government recognise as being unable to return to their country of origin, is necessary*". However the government rejected the HASC recommendation, also stating that "*we make an exception for failed asylum seekers*

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<sup>10</sup> See Appendix D of the Report of the Parliamentary Inquiry into Asylum Support for Children and Young People for tables comparing levels of asylum support and mainstream benefits for families in 2012-13 (pp 30 and 31): [http://www.childrensociety.org.uk/sites/default/files/tcs/asylum\\_support\\_inquiry\\_report\\_final.pdf](http://www.childrensociety.org.uk/sites/default/files/tcs/asylum_support_inquiry_report_final.pdf)

<sup>11</sup> Methodology of the Family Resources Survey used to determine child poverty levels: [http://research.dwp.gov.uk/asd/income\\_analysis/feb2012/chapter\\_8\\_text.pdf](http://research.dwp.gov.uk/asd/income_analysis/feb2012/chapter_8_text.pdf)

<sup>12</sup> Parliamentary inquiry into asylum support for children and young people <http://www.childrensociety.org.uk/what-we-do/policy-and-lobbying/parliamentary-work/parliamentary-inquiry-asylum-support-children-an-1>

<sup>13</sup> Oral evidence to the asylum support inquiry by members of the Refugee Women's Strategy Group, supported by the Scottish Refugee Council: [http://www.childrensociety.org.uk/sites/default/files/tcs/Policy/asylum-inquiry/asylum\\_support\\_for\\_children\\_and\\_young\\_people\\_session\\_3.pdf](http://www.childrensociety.org.uk/sites/default/files/tcs/Policy/asylum-inquiry/asylum_support_for_children_and_young_people_session_3.pdf)

where there are children in the household. Section 95<sup>14</sup> support continues even if the claim is rejected in order to safeguard the welfare of the children". This is misleading because while the majority of children on asylum support will be on Section 95, as our evidence highlighted<sup>15</sup> there are still approximately 800 children each year who are forced to survive on even lower levels of cashless support - the same level as adults - provided under Section 4 regardless of their developmental, learning and welfare needs. Section 4 levels of support have not increased since 2010<sup>16</sup> and the majority of children on this form of support are under 5s - children in their early years of development.

A recent legal judgement on levels of asylum support provided under Section 95 ruled that the Home Secretary acted irrationally in her decision that the level of asylum support was sufficient to meet asylum-seekers' essential living needs, and that this decision had been unlawful. The Secretary of State was ordered to retake the decision as to the level at which asylum support should be set, in accordance with the guidance contained in the judgment<sup>17</sup>. In addition, the court found that the Home Secretary had misdirected herself in law as to her duties towards 16 and 17 year old children, and whether children within this age group are required to attend full-time education. Within the asylum support system children in this age group are treated as adults for the purposes of support despite the fact that they are required to remain in full-time education until 18 and will have additional associated costs.

**Recommendation: the government should ensure that asylum support mechanisms are aligned with mainstream benefits, and that no child is forced to live on inadequate levels of support. This at a minimum includes abolishing cashless Section 4 support for children and families, and bringing support for children aged 16 and 17 in line with that of other children to ensure that all families are able to meet costs of living, education and are able to participate in society.**

### **iii. Education**

#### **Protecting funding for children's centres**

We welcome the focus of the Child Poverty Strategy to reduce intergenerational poverty by focussing on improving the education of children from the most disadvantaged backgrounds.

However, children's centres are facing an extremely, and increasingly constrained funding environment. The disadvantaged two-year-old offer, which was announced as additional investment to target 15 hours a week of free early years' education for disadvantaged two-year-olds, will help those centres offering nursery care. However, other funding for early intervention services, including children's centres, is being radically cut.

In 2010, a number of different streams of support for early intervention were pulled together into the Early Intervention Grant. The biggest of these (more than £1.1bn per year in 2010)

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<sup>14</sup> Immigration and Asylum Act 1999

<sup>15</sup> Paragraph 22 – The Children's Society's submission to the Home Affairs Select Committee inquiry into asylum: [http://www.publications.parliament.uk/pa/cm201314/cmselect/cmhaff/71/71vw32008\\_HC71\\_01\\_VIRT\\_HomeAffairs\\_ASY-88.htm](http://www.publications.parliament.uk/pa/cm201314/cmselect/cmhaff/71/71vw32008_HC71_01_VIRT_HomeAffairs_ASY-88.htm)

<sup>16</sup> Oral evidence to the asylum support inquiry by Dr. Jenny Phillimore, University of Birmingham: [http://www.childrenssociety.org.uk/sites/default/files/tcs/Policy/asylum-inquiry/asylum support for children and young people - session 1.pdf](http://www.childrenssociety.org.uk/sites/default/files/tcs/Policy/asylum-inquiry/asylum%20support%20for%20children%20and%20young%20people%20-%20session%201.pdf)

<sup>17</sup> *R (Refugee Action) v Secretary of State for the Home Department*, handed down on 9 April 2014: <http://migrantslawproject.files.wordpress.com/2014/04/refugee-action-judgment-summary.pdf>

was to fund Sure Start children's centres. But it also included support for a range of other early intervention projects, including short breaks for disabled children and the Connexions service. In 2010 (prior to the emergency budget in June that year) the grants which comprised the Early Intervention Grant (including funding for children's centres) were worth £2.7bn or £3bn in today's prices. Since then, the value of the overall grant has been radically eroded. For 2012–13, its value (excluding £219m for the disadvantaged two-year-old offer) is £2.1bn. Excluding the value of the disadvantaged two year-old offer (£534m in 2013–14 and £760m in 2014–15) and the £150m that the Department for Education has 'held back' for supporting adoption reform in 2013–14 and 2014–15, the value of the Early Intervention Grant will be £1.7bn and £1.5bn respectively, in today's prices.<sup>18</sup>

This is a cut of £1.5bn by 2014–15 compared to 2010 levels of support – a 50% reduction in the value of support over the course of this parliament. Even when the value of the disadvantaged two year-old offer is included, overall support for early intervention is being substantially cut.

The changes to the value of the grant will have major consequences for local authorities' ability to fund investment in early intervention services.

Although between 2012–2013 and 2014–15 local authorities will have received substantial additional funding to provide the two-year old offer, they will have lost similar amounts of funding for other early intervention services. This means that local authorities will have to find ways to make substantial reductions to their spending in other areas, in order to fund the two-year-old entitlement. This will leave them with considerably less flexibility than they have at present, since around a quarter of early intervention funding will be tied up to provide the two-year-old offer.

We are particularly concerned about the potential impact on key Sure Start children's centre services. Funding provided through the Early Intervention Grant, for services other than early years education for two-year-olds, will be substantially reduced over the coming two years. There is already evidence that the funding position of children's centres is becoming increasingly precarious. A 2012 survey of children's centres found that around half said that their financial sustainability had worsened over the last 12 months (2012), with nearly two thirds saying they were operating with reduced budgets.

Without the wider framework of services for early intervention being in place, the disadvantaged two-year-old offer is unlikely to reach its full potential. Investment in other associated services is needed to ensure that the offer is not undermined by being unsupported by a broad safety net of service provision.

**Recommendation: There should be no further cuts in funding for key early intervention services for children and families.**

**Recommendation: Funding for children's centres must be maintained over the course of the next parliament to provide stability and enable long-term planning.**

**Recommendation: Funding for children's centres should be ring-fenced so that there is adequate provision for the service to provide support to young children and their families.**

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<sup>18</sup> [http://www.childrenssociety.org.uk/sites/default/files/tcs/breaking\\_barriers\\_report.pdf](http://www.childrenssociety.org.uk/sites/default/files/tcs/breaking_barriers_report.pdf) p20-21

## **Free School Meals for all children in poverty**

The Children's Society is very concerned that over half of school children living in poverty in England are not getting free school meals.

In England, currently, about a third of school aged children living in poverty are not entitled to receive FSM – around 700,000. Although entitled, a further 500,000 do not take up their meals. This means that more than half (around 1.2 million) of all school aged children living in poverty in England do not receive FSM<sup>19</sup>. In September 2013, the government announced that all children in reception, years 1 and 2 will be entitled to a free school meal. This means an extra 200,000 more poor children will be given the chance to get a free, nutritious meal at school and marks an historic step forward in the fight against child poverty. However, this will still mean 500,000 children in poverty will not be eligible for a Free School Meal.

The Children's Society's Fair and Square Campaign, is calling on the government to ensure all children in poverty, including those in poor working families, can get a free school meal.

Our own survey of teachers<sup>20</sup> provides evidence that in many schools, children are going hungry:

- Nearly three quarters (72%) of teachers surveyed have experienced pupils coming into school with no lunch and no means to pay for one.
- Nearly half (44%) of those surveyed found that children are often or very often hungry during the school day.
- Two thirds (66%) of the teachers surveyed stated that staff provide pupils with food or money if they come into school hungry.
- Many of the teachers surveyed have found that healthy school lunch has a significantly positive impact on pupils, with 72% stating that it can improve concentration and behaviour. 18% of the teachers surveyed said a healthy lunch can also improve educational attainment. Only 5% stated that it has no impact at all.

Free School Meals have a substantial financial value and are worth nearly £10 per school week per child according to the most recent estimates. This means that a family with three children who are living in poverty but who are not eligible for Free school Meals would pay £30 per week for school meals. This means that families with children who receive free school meals benefit from a substantial boost to their household incomes as a significant amount of money that would otherwise have been spent on school lunches can instead be used for other key needs, such as on clothing or childcare.

**Recommendation: The government should use the opportunity provided by the introduction of Universal Credit to provide a Free School Meal to all children in families in receipt of the new benefit.**

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<sup>19</sup> [http://www.childrenssociety.org.uk/sites/default/files/tcs/fair\\_and\\_square\\_policy\\_report\\_final.pdf](http://www.childrenssociety.org.uk/sites/default/files/tcs/fair_and_square_policy_report_final.pdf) p5

<sup>20</sup> <http://www.childrenssociety.org.uk/sites/default/files/tcs/food-for-thought-final.pdf>

We estimate that if entitlement to free school meals were extended to all children in households receiving Universal Credit around 100,000 children would be moved out of poverty.

### **Seeded Credit Union accounts linked to financial education in schools**

A sound education on debt and money management may help to prevent young people getting into debt when they become young adults – making them less vulnerable to the kinds of income shocks and expenditure pressures which can threaten to lead to debt problems.

However, when we surveyed families for our “Debt Trap” report, both parents and children raised concerns about the level of financial education provided through schools<sup>21</sup>.

*‘I think kids should be educated more about it in school, because I didn’t have a clue what I was getting myself into at 19.’*

Nearly nine out of ten (88%) parents said that schools should do more to teach children about debt and money management, with 47% saying they should do ‘a lot more’.

Similarly, only 21% of children (aged 10-17) said that they agreed that their school taught them about debt and money management.

Some local authorities are taking innovative approaches to improving children’s money management skills. For example, local authorities in both Glasgow and the London Borough of Haringey are providing secondary school children with ‘seed money’ in a credit union account to get them saving.

**Recommendation: The government should establish a wider trial of credit union accounts, including linking this into financial education in schools, to establish the effectiveness of this approach in promoting savings to young people.**

## **3 & 4. At a local level, what works well in tackling child poverty now and preventing poor children becoming poor adults?**

Local Authorities are becoming increasingly important to the work to addressing child poverty. This is the result of localization of key responsibilities – such as support for families in financial crisis, and implementing systems of support with council tax bills.

### **Local welfare assistance**

Since April 2013, new local welfare assistance schemes have been introduced by local authorities to provide emergency support to those in a financial crisis. These have replaced key elements of the discretionary Social Fund (Crisis Loans for living expenses and Community Care Grants) that were abolished in the Welfare Reform Act 2012.

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<sup>21</sup> [http://www.childrenssociety.org.uk/sites/default/files/debt\\_trap\\_report\\_may\\_2014.pdf](http://www.childrenssociety.org.uk/sites/default/files/debt_trap_report_may_2014.pdf)

The Children's Society report *Nowhere to Turn, Changes to emergency support*<sup>22</sup> looked into the changes that the localisation of the discretionary Social Fund will have on families and individuals needing support in a crisis – many of whom are in urgent need of food aid.

The report found that:

- There have been significant funding cuts, with the total funding for local welfare assistance schemes reduced by £150 million (in real terms) compared with equivalent expenditure on the discretionary Social Fund in 2010. This comes at a time when demand is likely to be increased.
- The localisation is likely to have major consequences for access to interest free credit in emergencies – nearly two thirds (62%) of schemes were identified as no longer providing loans.
- In 2011/12 nearly £150 million was recovered in Crisis Loan repayments and reinvested in further provision. We are concerned that moving from loans to hand-outs could mean that less assistance is available for families in need.
- Broadly, the cash assistance of the previous provision has been replaced by 'in kind' support – such as food, clothes and second hand furniture - with four fifths (81%) of local schemes providing support directly through goods or services, other than in exceptional circumstances.
- We are concerned that some of the qualifying criteria for accessing local support will create barriers to access for those who need support. In particular, some local welfare assistance schemes:
  - Prevent low income working families from making a claim, even when they are living in poverty
  - Restrict eligibility for those able to access other sources of consumer credit
  - Restrict access for those deemed able to rely on borrowing and support from friends or family
  - Have lengthy residency periods (up to a year) before someone can make a claim.

**Recommendation: All Local Authorities need to take seriously their new responsibilities for delivering financial support to families in financial crisis and have effective systems of local welfare assistance in place – in particular ensuring that low income working families are able to access support.**

Since the "Nowhere to Turn" report was published the Department for Work and Pensions has reported that it will no longer fund the local welfare schemes from 2015-16. This uncertainty about the scheme's future and funding is concerning as for many families this is a vital lifeline at a desperate time.

**Recommendation: The government should reconsider its decision to stop funding local welfare assistance schemes from April 2015.**

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<sup>22</sup> <http://www.childrenssociety.org.uk/sites/default/files/tcs/nowhere-to-turn-final.pdf>

## **Effective approaches to debt collection on a local level**

We know that some local authorities have worked hard on good debt collection practice, but our survey for “The Debt Trap” report shows that far too many families in arrears feel poorly treated – with 32% of families who had sought help with their debts from their local authority saying that this was “not helpful at all”, a higher proportion than amongst those who had sought help from utility companies or other creditors.

Given that local authorities are central to delivery of policy and services aimed at child well-being, this should be a priority for change.

**Recommendation: Every Local Authority should have a debt collection strategy in place which includes measures to address the impact of collection on children.**

## **5. What more can central government do to help employers, local agencies and the voluntary and community sector work together to end child poverty?**

Effective joined up working at the local level is crucial for delivering services which can contribute to ending child poverty. One longstanding issue which creates delivery challenges is local data sharing, and in particular, the sharing of live birth data between local authorities and Sure Start children’s centres.

### **Sharing of live birth data**

As outlined above, children’s centres are crucial to the delivery of early intervention services for children and families on a local level. However, too often knowledge of centre services is limited, and hampered by lack of access to “live birth data” (information about new births in the local area).

A survey of families with young indicates that in some deprived areas, the lack of awareness of children’s centres is a real problem. Of those who had never used a children’s centre, the survey revealed that more than four in ten (42%) said that they had never used one because they had not heard of them<sup>23</sup>:

***‘I don’t know anything about them.’***

***‘Did not know it was available.’***

Knowing what services are provided by the centres is also an issue. Nearly three quarters (73%) of respondents to the survey were not aware of what their children’s centre offered. Families we interviewed in the North East also said that they were not always aware of what activities were available at their local children’s centres. One parent said:

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<sup>23</sup> [http://www.childrensociety.org.uk/sites/default/files/tcs/breaking\\_barriers\\_report.pdf](http://www.childrensociety.org.uk/sites/default/files/tcs/breaking_barriers_report.pdf)

*'[I'm] not sure what's on offer, would like to know more [about] what's available, so could use.'*

**Recommendation: All Local Authorities should share Live Birth Data with Children's Centres in their local area in order to ensure that centres are able to contact the most disadvantaged families in their local area.**

## **Conclusion**

The Children's Society welcomes the opportunity to comment on the government's strategy to deliver action on child poverty between 2014 and 2017. As outlined above, we welcome many of the measures set out, but believe that in order to deliver a truly effective strategy to reduce and eventually eliminate child poverty, considerable additional action is needed to address both Child Poverty now and in the future.

**For more information about this briefing, please contact Sam Royston, Head of Policy and Public Affairs at The Children's Society on [sam.royston@childrenssociety.org.uk](mailto:sam.royston@childrenssociety.org.uk) or on 07969 291251.**