

**An essay collection**  
**April 2020**

# Ending Child Poverty: Twenty Years On







## **About UNISON**

UNISON is the UK's largest public service trade union with 1.3 million members, 1 million of them women. Our members are people working in the public services, for private contractors providing public services and in the essential utilities. They include frontline staff and managers working full or part time in local authorities, the NHS, the police service, colleges and schools, the electricity, gas and water industries, transport and the voluntary sector. Many of them are part time and low paid, working in traditionally low paid sectors like care, catering, security and cleaning.

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## **Acknowledgement**

UNISON would like to thank all the authors and particularly the Shadow Minister for Social Justice Lyn Brown and the Shadow Treasury team for their work pulling these essays together.

## **Disclaimer**

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For most, the issue of child poverty is both personal and, no matter how objectively evidential we try to be, it's emotional.

We all take with us into the discussion of child poverty, our own experience and our current roles.

I was born off the Scotland Road in Liverpool in an area that later sociological studies described as one of the worst slum areas in Europe. My mother was a welder during the Second World War but like many women after the war left the factories and became a cleaner. My father was demobbed from the army and went back to work on the Liverpool docks.

Despite both parents being in relatively low paid work, I can never remember as a child feeling at any time that we were poor, hungry or deprived. There was always the belief and ambition in my parents that with hard work they could make the lives of their children better than theirs but it must have been tough just keeping our heads above water. There was also a faith in my parents in education opening up opportunities that had been denied them and previous generations. Plus there was an underlying sense of security that if hard times came, there was always a strong element of confidence social security safety net and always free health and social care service to fall back on.

Decades later in my role as local MP I meet many local families in my advice sessions and in the community. They are poor and feel poor. They are hungry and often live off an impoverished diet. They are invariably deprived of the basic quality of life most of us take for granted. It's important to know also that by far most of the parents in these families are in work and many in more than one job. Worst of all many are under so much stressed out pressure to get bills paid, feed the children and keep in work or avoid welfare benefit sanctions that they can't see much light at the end of the tunnel. As one of them extremely

poignantly said to me “You just become accustomed to the dark.”

We can’t go on with this level of child poverty and dare to call ourselves a civilised society.

If change is to come, it will only come if there is a thorough understanding of the scale of the poverty we face, who it effects, what are its causes and what are the solutions that will eradicate it from our society.

This booklet takes a significant step in assisting us in securing that level of understanding needed to address the appalling plight of so many of our children. Above all else it demonstrates that this problem is not insurmountable, that there are solutions and that we are not powerless.

It will help arm us with the knowledge needed to build that movement for change our children desperately need.

A handwritten signature in black ink, reading "John McDonnell". The signature is stylized, with a large, sweeping initial "J" and "M".

John McDonnell

Shadow Chancellor of the Exchequer, Labour Party



*“There can be no keener revelation of a society’s soul than the way in which it treats its children.”*

*Nelson Mandela*

As the President of the UK’s largest trade union, I am proud to say that UNISON has long worked on issues of social inclusion and poverty. We were at the forefront of campaigning for the first National Minimum Wage and we continue to campaign for a proper Living Wage and to improve working lives for families and carers.

Around 70% of our members live in households with pre-school or school age children and we know that these families are struggling with the current austerity agenda as evidenced by the fact that our own Welfare charity has had a fivefold increase since 2010 in applications for support with the cost of school uniforms.

Eradicating child poverty was rightly at the forefront of Labour policy in 1997 and its pledge to end Child Poverty by 2020 was universally welcomed.

Whilst it is true to say that the last Labour government cut child poverty on a scale and at a pace unmatched by other industrial nations during the period 1998–2010, those gains now seem hopelessly off track in the face of the Conservative led coalition government abandoning the Child Poverty Act soon after entering office and then spending ten years pursuing a vicious austerity agenda which has consistently, and seemingly deliberately, impacted the most vulnerable in our society – including children.

Just this month, the Royal College of Paediatrics and Child Health annual State of Child Health study found that “the health of children from disadvantaged backgrounds is up to four times worse than that of less deprived families, with the situation “seriously affected” by deep cuts to local authority budgets that have slashed the number of public health initiatives”.

It is vital that future governments truly wanting to address child poverty look at the underlying facts and not just pander to out-dated tropes about ‘people making better choices’.



UNISON's experience of families struggling with low pay is that many people in poverty work hard, often in more than one job and are still struggling to make ends meet – often going without meals themselves to put food on the plate for their children. This type of scenario is not unusual and many expert organisations dealing with child poverty report similar issues.

It is now widely understood that providing extra financial support to low income families results in money being spent directly on children. Our work with our members has repeatedly shown us that low income parents are more likely to spend any extra income that comes into the household on their children compared to better off parents. Low income parents tend to prioritise the needs of their children above their own. But this is not just about money it's about the multiple factors that entrench poverty and inequality in the UK.

Working out exactly what does work and identifying those things beyond income that policy should focus on, is not easy – particularly because causality is often poorly understood and multi-faceted. We need to understand the issue holistically and recognise how different aspects of poverty really interact.

That's why UNISON is proud to be co-sponsoring this booklet to commemorate the aspirational 2020 target to eradicate Child Poverty and to critically analyse where we are today and what we need to do from here.

A handwritten signature in black ink, appearing to read 'J Bird'.

Josie Bird  
President, UNISON

## **Why we need a child poverty strategy<sup>1</sup>**

**Lizzie Flew** is Senior Communications and Campaigns Officer  
at the Child Poverty Action Group

*'I think if all of your friends or people you know go to the after-school clubs, school trips, that kind of isolates you from them. You're singled out, you're not with them, just a spare person.'* – Boy, age 15<sup>2</sup>

When kids grow up poor they miss out. They miss out on the things most children take for granted like after-school sports clubs and school trips to museums. And they miss out on material things like warm clothes, and social activities like having friends over for tea. Poverty restricts children's opportunities in childhood, and the effects can stay with them throughout their lives. Children deserve better.

What do children need? To ensure that all children can thrive, we need to address all of their needs. This means we need commitment and action across government. Children can be protected from poverty and its effects with action on social security, jobs, childcare, education, homes, and services and support for parents. We need a child poverty strategy to drive action across local and national government, and coordinate all this activity for greater impact.

### **Child poverty strategies – a brief history**

The last Labour government set out an ambitious agenda for tackling child poverty following Tony Blair's pledge in 1999 to end it. The strategy focused on work, such as the New Deal for Lone Parents and the minimum wage; financial support in the form of tax credits, increases to child benefit and help with childcare costs; and investment in services such as Sure Start. The drive to eradicate child poverty came from right across the government, led by the Treasury, with health, education and social care professionals encouraged to work together towards shared objectives under the 'Every child matters' banner. And child poverty fell.

Child poverty fell by over one million,<sup>3</sup> levels of debt and

deprivation fell and child wellbeing improved.<sup>4</sup> In fact, child wellbeing improved on 36 out of 48 OECD indicators. We saw the biggest falls in child poverty in the whole of the OECD between the mid-1990s and 2008. Families spent more on fruit and vegetables, children's clothes and books and less on tobacco and alcohol;<sup>5</sup> and parental employment rates rose, particularly for lone-parents with rates rising from 45 to 57% and continuing to grow afterwards to the present rate of 70%.<sup>6</sup> The educational attainment gap began to close.<sup>7</sup>

The Child Poverty Act 2010 then set binding child poverty reduction targets and a duty for the government to have, and report on progress against, a child poverty strategy. The strategy was to set out how the government would ensure their targets were met and look at:

- the skills and employment of parents
- financial support for children and parents
- information, advice and assistance to parents and the promotion of parenting skills
- physical and mental health, education, childcare and social services
- housing, the built or natural environment and the promotion of social inclusion.

The Act brought in the Child Poverty Commission, later renamed the Social Mobility and Child Poverty Commission by the Coalition Government. The plan was that this would help devise the strategy, and set out a requirement for the devolved governments in Scotland, Wales and Northern Ireland, and for local authorities to have child poverty strategies.

What happened next? Simply put, the coalition government's two child poverty strategies did not sufficiently address families' material resources and the high costs they faced, which allowed child poverty to rise as support for families – both financial and in terms of services – was cut as part of the austerity programme. In 2016, legislative changes removed the requirement for a child poverty strategy, got rid of the income targets and changed the commission to a Social Mobility Commission. The cross-government child poverty unit was also shut down. Progress went into reverse, and child poverty is now at 4.1 million<sup>8</sup> and rising.

## The next child poverty strategy

*'By causing worry, stress and anxiety in families, children have a little part of their childhood taken away, a part of their day they will spend worrying instead of playing or learning.'* – Paediatrician on how poverty affects children.<sup>9</sup>

A child poverty strategy needs to take a wide, coordinated and long-term approach, investing to reduce poverty now, but also to prevent poverty. It needs to be integrated with other strategies such as on health and education, and based on the best interests of the child. It needs to take into account children's rights, and therefore be informed by children and their parents. It needs to focus on children at risk, including: children in single parent families, larger families and young families; families in disadvantaged regions of the UK; families with disabled adults and/or disabled children; Traveller and Roma children; children from black and minority ethnic backgrounds; children in care; homeless children; and refugee children. It needs to balance universal and targeted support.

Fundamental to the success of a child poverty strategy is leadership and a commitment to meeting statutory targets, both at national and local levels. To measure progress we need to monitor income, deprivation levels, persistent poverty, and poverty depth. A dedicated central team should coordinate activity across all government departments. All policy proposals and decisions that have a bearing on children and families should contain an impact assessment on children's rights and child poverty. The strategy should also include activities to build lasting public support for ending child poverty.

We need a Child Poverty Commission which provides advice and research, and holds the government to account on the targets, and for the UN Convention on the rights of the Child to be incorporated into UK law. We need to tackle family resources (social security and work), costs families face (childcare, education and housing) and other services for families.

A UK-wide child poverty strategy should address children's needs in these six areas:

## 1 Social security that supports us all

*'The money is not enough... So do you feed your kids or do you pay the rent?' – Representative from Tower Hamlets Benefit Services on universal credit.<sup>10</sup>*

*'Sometimes I've gone into minuses in my bank. I've had to borrow money from my parents and my sister saying I'll pay them back. How do I pay them back if I don't get enough money?' – Laretta, married with two children, on universal credit.<sup>11</sup>*

Social security should be strengthened so it's fit for purpose. An effective social security system would prevent and reduce poverty; help people meet the extra costs of children, disability and ill-health; provide income security in the face of life events and economic uncertainty; and promote social solidarity. The system should be simple, flexible and timely; promote individual autonomy; treat people with dignity and respect; give people a voice; maximise claimant incomes; and be rights-based. Our current system falls short in a number of ways, and it has design, delivery and funding problems.

In the short term there is an urgent need for reinvestment in support for families through the social security system. This includes, as a first step, restoring the value lost from working-age benefits due to the four-year freeze; adding £5 a week to child benefit as a starting point to restoring it; scrapping the 'bedroom tax', benefit cap and two-child limit; increasing work incentives in universal credit including for second earners; greatly reducing the use of sanctions; and providing more support for those who need it. All families should be able to access welfare rights advice and local financial support to avoid income crises.

### Why does this matter to children?

Going beyond the obvious financial implications of an inadequate social security system, Christoph, a self-employed father, explains that universal credit administration is keeping him away from his wife and young child:

*'I really think the burden is too heavy, especially if someone has only one free hour a day. I felt like at some points I had to spend the whole hour a day for several weeks to resolve problems with UC rather than doing something with my family...'<sup>12</sup>*

## 2 Decent work, pay and progression

*‘Something has to give somewhere because if you’re going to work and you STILL can’t get by, then there’s something drastically wrong.’ – Parent<sup>13</sup>*

The labour market does not always help families move out of poverty. 70 per cent of children in poverty are in working families.<sup>14</sup> Paid work will sometimes not pay well enough, and some jobs offer insufficient or precarious hours. Caring for family members is unpaid. Lone parent families are often in poverty despite being in work because they are combining low-paid and under-valued employment with caring for children. In couples, it is often the absence of a ‘second earner’ that affects whether that family is in poverty. Wages cannot account for family size, so a child poverty strategy must include action on the social security system as above, but also on:

- Wage levels, raising the minimum wage to the level of the real living wage for all workers
- Contracts, so that workers benefit from greater job security and more predictable hours and shifts
- The gender pay gap
- Employment and progression opportunities for ‘second earners’
- Maternity, paternity and parental leave provisions
- Employment support which is provided outside of any benefit conditionality regime
- Childcare so that parents can work the hours which work for their family

### Why does this matter to children?

Faith’s father is a single parent and works full time in low-paid employment:

*‘I don’t want to show them that, no, I don’t have enough money. I say to them “no I don’t really want to come”’ – Faith, age 15, on being invited to the cinema and for something to eat with her friends.<sup>15</sup>*

### 3 Quality, affordable childcare when families need it

*'I've gone as far as Newham [to find childcare] and I live in Tower Hamlets, just because it's cheap... Mine [nursery] is a Sure Start basic. It's the cheapest I could find, and I think if you can prove you've looked within your radius and you've found the cheapest possible childcare, then the limit should go up ... [because] there's nowhere cheaper.'* – Cindy, a single parent to a two-year-old.<sup>16</sup>

The child poverty strategy needs to include a comprehensive, universal childcare offer for families that is high quality, affordable, and available when families need it. Not only does this help parents work, but also ensures that younger children get the benefit of early years education and school-age children can benefit from enriching, extra-curricular activities and holiday clubs.

Special attention needs to be paid to childcare for the following groups, where provision is currently woefully inadequate: those working outside the 9 to 5; children with special educational needs and disabilities; and school-age children before and after the school day and in the holidays. A universal programme of high quality pre-school childcare and extended school hours would benefit children, remove stigmas associated with targeted programmes (such as 'holiday hunger' schemes) and allow parents greater flexibility in their working choices.

#### **Why does this matter to children?**

Paula's children have missed out on the benefits of after school clubs and formal early years education, which is important for children's development, because she couldn't pay for them. Paula and her family also missed out on the additional income from her job:

*'When I looked into childcare, they wanted £1,000 up front [for the nursery and after-school club]. So, I had the choice of pulling £1,000 out of nowhere or giving up my job, which is a real kick in the teeth because it was an alright job.'*<sup>17</sup>

*'Parents can't go to support groups or parenting groups due to childcare or affording the bus fare, etc. This means these children and their families can't access services which would be beneficial to their development and social needs.'* – Paediatrician<sup>18</sup>

## 4 Inclusive education

*'One teacher wouldn't accept my homework 'cause it was handwritten. I've got to go to the library because we don't have a computer at home and I've had to hand in homework late or rush it and it hasn't been the best because I've only been able to get there at lunch or break and sometimes I've got to skip lunch to make sure I get the work done.'* – Paul, age 15<sup>19</sup>

Poverty can affect children's learning. The child poverty strategy needs to address costs within school as well as support for children living in poverty. In particular it should focus on:

- The pupil premium and funding for schools in disadvantaged communities
- Implementing universal free school meals
- Efforts to minimise the costs of participation – e.g. uniforms, equipment and trips
- Encouraging school facilities to be deployed for the benefit of whole communities through, for example, holiday clubs and adult learning

### Why does this matter to children?

Emmanuel, age 14, does not have anything to eat during the school day because his family has no recourse to public funds so he can't get free school meals:

*'Sometimes you don't have enough energy, you cannot cope in the classroom so you have to, like, try and rest a bit. You just put your head on the table and you end up falling asleep in the classroom and you get in trouble for it.'*<sup>20</sup>

Mark, a single parent, struggles with school costs, and the impact these can have on his two children:

*'I've already had to stop their swimming lessons at the weekend. I have nothing more I can cut back on. Life is already hard enough without school making it even harder and risking kids being labelled or bullied because their parents can't afford to keep up.'*<sup>21</sup>



## 5 Secure homes for families

*'The burden on social housing and social services for emergency and planned housing leads to placements in houses that are unsafe, have mould, [are] damp, overcrowded. This has a direct effect on deterioration of child health, physical and emotional wellbeing.'* – Paediatrician<sup>22</sup>

A safe, warm and secure home, together with a healthy environment, provide the foundation for a decent childhood and good educational attainment. Children need space to do homework and safe outdoor places in which to play. Initially, a child poverty strategy needs to ensure that housing support covers actual rents. Then there is an urgent need to build genuinely affordable rented homes and social housing. The strategy should also address:

- The quality and safety of rented homes
- More protections for renters and longer tenancies
- Availability of suitable housing for children with disabilities and long term health conditions
- Temporary accommodation
- Energy efficiency to reduce fuel costs
- Affordable local amenities such as public transport, parks, sports grounds, leisure facilities, youth centres and libraries
- Road safety and air pollution on routes commonly used by children (e.g. around schools)

### Why does this matter to children?

Serena, age 11, was 5 years old when the family last had a permanent home:

*'In all the accommodation we've stayed in I've had to share a room with my mum and sister. It's very overcrowded with little space to move. I have no privacy. I feel that this situation has robbed me of my childhood – this should never have happened.'*<sup>23</sup>

## 6 Services

*'Issues that could and should have been managed by routine universal services (such as parenting support) have not been*

*due to service cuts, and therefore we see families when they have reached crisis point.’ – Paediatrician<sup>24</sup>*

In addition to material assistance, parents need information, advice and support. A child poverty strategy should provide for universal parenting support. Support provided through high-quality children’s centres would offer valuable help for development and learning at home.

### **Why does this matter to children?**

*‘I was so stressed with the house, my husband was lost... I have a daughter, when you have a child you have so much to provide her that you cannot think of anything else... I was so stressed because I needed to sort out this and sort out that. I was shouting... I couldn’t play with my daughter. My mind wasn’t here. It affected me big time.’ – Aysha<sup>25</sup>*

### **Conclusion**

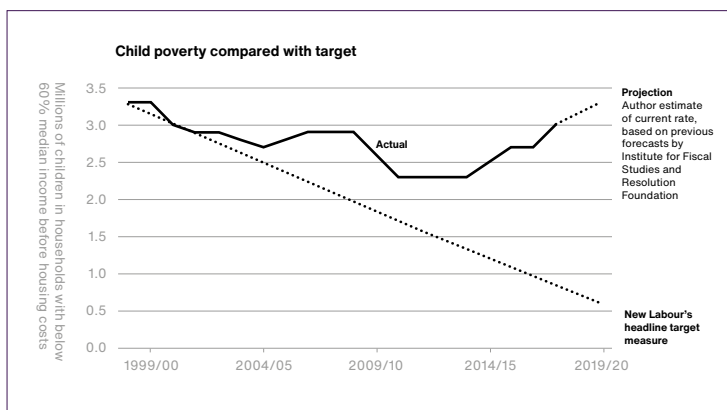
Poverty affects many areas of a child’s life. By addressing all these things in a coordinated, strategic way, we can ensure children have enriching childhood experiences and good life chances.

*‘[It] feels like I’m left out of the fun that happens and stuff. Like it just makes me feel empty.’ Gideon, age 14<sup>26</sup>*

It doesn’t matter how it is described – as a child poverty strategy, child wellbeing strategy or any other label – the important thing is that we take coordinated action as a nation to ensure all children can thrive in childhood and as adults in later life.

## A new child poverty strategy: back to square one, or starting from a different square?

**Professor Donald Hirsch** is Director of the Centre for Research in Social Policy at Loughborough University



Source: HBAI and author calculations

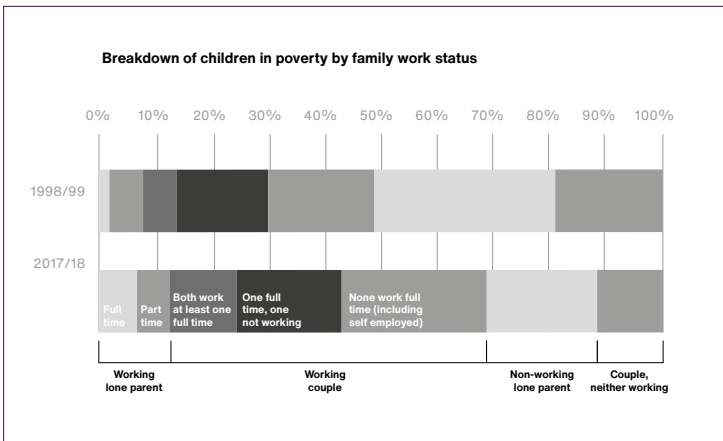
This graph suggests the depressing conclusion that 21 years after Tony Blair said we can end child poverty in two decades, we are in fact back to where we started. Child poverty fell by a million between 1998/99 and 2010, and has risen by about a million by 2019/20.

Certainly this shows that the scale of child poverty is as great now as it was then. But neither the nature of the problem nor the policy landscape that we now find ourselves in is identical. The Child Poverty Action Group's introductory chapter rightly points to a number of still-unfulfilled solutions that are only too familiar from the past – in particular better access to childcare and an inclusive social security system. At the same time, the emphasis on decent wages combined with stable work and progression reflects the greater importance today of working poverty and some of its drivers, while recommendations related to housing reflect the

greater difficulty that low income families face now than 20 years ago in finding a decent, affordable home.

In this context, I think it is worth noting three big ways in which the landscape has changed, that need to be taken into account when devising a child poverty strategy for the 2020s and 2030s.

First, child poverty has become much less about living in a family without any work, and more about having parents who are in poverty despite working – as the graph below clearly shows. Rising levels of child poverty in the 1980s and 1990s had been partly driven by the growth in the number of children with lone parents, most of whom did not work. Today, a majority do work, and two-thirds of children in poverty have working parents, up from just under a half. But among both lone parents and couple parents, in-work poverty has grown, both among those with limited numbers of working hours in the household and even those working full time, but still not getting over the poverty line.



While minimum wages have improved, real-terms cuts in tax credits have strongly influenced these results. This suggests that a simple revival of more generous increases in tax credits would help a lot. But it has also become clear in the past 20 years that the number and stability of hours worked makes a crucial difference. Work precarity is nothing new, although unstable arrangements like zero hours contracts have spread; just as important is that such precarity affects more people

as participation in work among less advantaged groups has grown. Put simply, when a majority rather than a minority of lone parents are working, the instability of work for this group matters more.

A second change in the landscape has greater potential for helping address child poverty. This is that governments have started to shed their reluctance to interfere in labour markets to ensure that employers make a fair contribution to tackling child poverty. Twenty years ago, the Conservatives opposed a minimum wage recently introduced at a very cautious level by a Labour government not wanting to be accused of undermining business. In the 2019 election, in stark contrast, both big parties were competing to outdo each other in raising the minimum wage further, even though it has already risen by over a third in five years (for over 25s – but the promises are to bring this age threshold down). This new willingness to tell firms to pay a decent hourly wage has not yet been matched with equal vigour in telling them to improve employment conditions or job stability. Yet it signals that the “hands off the labour market” approach that symptomized previous policies is no longer a given.

And while better hourly wages do not on their own solve child poverty, they actually make other policies to address the problem more feasible. The big fallacy in George Osborne’s approach when introducing the “National Living Wage” in his 2015 budget was to link better earnings from work with an excuse to cut tax credit entitlements. In fact, the better that parents claiming tax credits get paid, the more the Treasury recoups through the tax credit taper, and the more it can afford to protect those whose income remains too low. If the 2020s could become the decade when better pay and better protection against working poverty from the state can be seen as complementary, not as alternatives, an important corner will have been turned.

The third big change has been in housing tenure. In 1999, about one in twelve children lived in privately rented accommodation; now it is one in four. Among children in households below 60% median income, the proportion in private rented housing is also one in four, before their high housing costs are taken into account; but once they are (on the “after housing cost” measure), a third of children in poverty are in such housing. This is particularly important in light of changes to housing benefit which mean that in most cases they no longer cover fully the rents of most private tenants, making this group particularly vulnerable

to having very low disposable income. Any strategy to address poverty that does not put a high priority on addressing this will allow severe hardship to persist among a growing group of families.

Finally, having highlighted three important areas where things have changed, I think it is worth noting one persistent issue, whose form has changed but which remains crucial. This is the barrier that access to childcare continues to pose. The bringing of childcare support into the tax credit system when it was launched in 1998 contributed to the turnaround in the proportion of lone parents working. Since then, on the face of it, increased entitlements including the 85% subsidy in Universal Credit and the 30-hours entitlement for 3 and 4 year olds have further increased public support for childcare. Yet all the evidence suggests that this continues to be a barrier to parents seeking to improve their living standards through work, for a host of reasons. These include the rapidly rising cost of childcare but not of the cap on entitlements under tax credits and universal credit; rigidities in the supply of the 30-hour entitlement and in the availability of childcare generally for the number of hours and at the times that it is required; and the sheer complication of the system, which still deters many parents from working the hours in the jobs that they would like. Is now the time to admit that rather than a byzantine web of entitlements in which subsidies follows users, we need to build a simpler system of subsidy to suppliers, to ensure that free or very low cost provision is available to families, when and where they need it?

# Tackling child poverty by improving pay and working conditions

Anjum Klair is a policy officer at TUC focusing on the labour market and social security

## Introduction

Seventy percent of children living in poverty are in households where at least one adult works. The government's mantra that work is the best route out of poverty, simply isn't true.

To tackle in-work poverty, we need an agenda that takes in decent pay, secure work, progression opportunities for those on low incomes, adequate social security, and affordable childcare and housing costs.

In this chapter, we focus on driving up pay and conditions for workers, in order to escape in-work poverty. This can be done through the process of collective bargaining by trade unions.

Collective bargaining involves the workforce coming together independently of management to speak collectively in negotiations with their employer on issues that affect them at work. This is the fundamental role of trade unions. And we believe workers need greater rights to collective bargaining.

While raising pay is critical to solving in-work poverty, this does not mean there is no role for in-work benefits.

In-work benefits play an essential role in improving the living standards of people who need to work shorter hours, including single parents, disabled workers and those with caring responsibilities, and can help meet the extra costs faced by those with children or disabilities.

Financial in-work support should be concentrated in areas where the government want to subsidise low working hours, rather than being used to top up low wages as a consequence of labour market policy failures.

In-work benefits are also having to meet extra costs, most prominently housing and childcare. The costs of these are rising steeply. A solution to in-work poverty must focus on meeting these extra costs too. When it comes to meeting the costs of living, we

need an approach that starts with public services. Social security cannot solve the problems of high housing or childcare costs. Just as a higher minimum wage cannot absorb these extra costs.

Tackling child poverty in working households requires decent pay, secure work, progression opportunities for those on low incomes, adequate social security, and affordable childcare and housing costs.

## What has been happening in the UK labour market?

The UK's high levels of employment are repeated as a success story by the government, but something is seriously wrong in the labour market if work is not reducing poverty.

### Less pay and less security

The experience of work has got worse with less pay and less security. TUC analysis shows insecure work is now a daily reality for 3.7 million UK workers<sup>1</sup>. This includes agency, casual, and seasonal work, those on zero-hours contracts and the low-paid, self-employed. A pay penalty is associated with these forms of work, with workers often experiencing low pay and economic hardship.

Table 1 – Pay for those on non-standard contracts

	All employees	Zero hours Contracts	Employment Agency	Casual Work	Seasonal work
Median gross hourly pay rate	£12.16	£8.30	£9.40	£8.20	£8.00
Pay as a percentage of that for all employees	n/a	68%	77%	67%	66%

Source ONS2

Proportion of self-employment on low pay (Low pay defined as hourly earnings less £8.21 per hour)	46%
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Source TUC3

It is often argued that insecure forms of work like zero-hours contracts offer flexibility for both the employer and the employee, but many workers say this is an illusion; it is a one-way flexibility for the employer.



Our polling shows that two thirds of workers would rather have a contract with guaranteed hours, and only one in four prefer being on a zero-hours contract. The survey shows that the main reason people are on zero-hours contracts is because it is the only type of work available to them. Most zero-hours contract workers (59%) want more hours. The majority (54%) say they find it difficult to pay bills because they can't get enough work. But any requests for additional shifts are as likely to be rejected as accepted<sup>4</sup> So far from enjoying more choice, thousands of people are being forced into accepting zero-hours contracts because there's nothing better on offer.

TUC analysis, shows around a third (34%) of those on zero-hours contracts have children to support, and this proportion is very similar to those working as a permanent employee (37%).<sup>5</sup> For parents in insecure forms of work not only do they have less and unpredictable income, the insecurity of their job makes childcare arrangements incredibly difficult. Responses to our TUC survey on insecure work showed that organising last-minute childcare is fussy and expensive. If a shift is shorter than expected, or cancelled when a worker arrives, this leaves parents out of pocket due to losing work for meeting childcare charges.<sup>6</sup>

In addition to insecure forms of work, there is also considerable underemployment in the labour market; too many workers are not getting the hours they need for a decent living standard. Almost a million workers are working part-time as they cannot find a full-time job.<sup>7</sup> And when looking at a wider definition of underemployment, those who want more hours in their existing job as well as the regularly published measure of the number of workers in part-time jobs who want to work full time, the TUC estimate there are almost 3 million underemployed. This is 9 percent of all workers.<sup>8</sup>

Overall, around a fifth of employee jobs are low paid.<sup>9</sup> Low pay is not just a temporary phase, only one in six low-paid employees move out of low pay over the course of a decade<sup>10</sup> Lack of progression is commonplace among those who are low paid. Access to learning and skills is key to supporting in-work progression. However, evidence shows that low waged workers are less likely to benefit from training opportunities in the workplace.<sup>11</sup> The result is a system where large numbers of low-skilled workers have little opportunity to build up their skills and escape low pay.

## Pay Squeeze

After the longest wage squeeze for a century, working people are struggling. The recent labour market figures were celebrated as real wages returning to pre-recession levels. However, it may be a bit much to celebrate this, for two reasons.

Firstly, returning to where we were 12 years ago isn't a good thing. Using the real pay measure used by the Office of National Statistics (ONS), real pay growth between April 2008 and December 2019 was completely flat. Flat growth across a 12-year period is a terrible record.

Chart 1 – Real wage growth index pre and post April 2008



The second reason that celebrations might be a bit too early is that real pay may have returned to pre-crisis levels by the ONS methodology, but this methodology is favourable due to the inflation measure it uses. If we use CPI, as the TUC and many others usually do, real weekly wages are still lower than their pre-crisis peak.

The living standard crisis has impacted family's finances hard. Our recent analysis showed 1 in 5 workers are skipping meals to make ends meet, and a quarter of workers polled, reported running out of money at the end of most weeks or months, while a further 16% have to cut down or stop spending many times a year.<sup>12</sup>

## **The role of unions and collective bargaining**

There has been a lot of focus recently on lifting the national minimum wage as a way to drive up pay at the bottom end of the labour market. However, there is an increasing consensus that the only sustained way to drive up pay for workers throughout the economy is through collective bargaining by workers and their trade unions.

Collective bargaining is fundamental in driving up wages and improving conditions for workers. This involves the workforce coming together independently of management to speak collectively in negotiations with their employer on issues of pay and conditions at work. This is the fundamental role of trade unions.

Workers need greater rights to collective bargaining. When workers come together to negotiate with their employer, it changes the balance of power in those discussions.

Our analysis shows that workplaces with collective bargaining have higher pay, more training days, more equal opportunities practices, better holiday and sick pay provision, more family-friendly measures, less long-hours working and better health and safety.<sup>13</sup>

Influential organisations from the IMF to the OECD have now recognised the roll of collective bargaining in reducing inequality. This is a welcome change of tune from organisations that have previously promoted labour market flexibility at the expense of employment security, rights and voice.

The IMF in 2015 published research showing strong evidence that lower unionization is associated with an increase in top income shares in advanced economies during the period 1980–2010.<sup>14</sup>

Similarly, research by the OECD found that strengthening the bargaining power of low-wage workers is one of the core missions of collective bargaining, so it is not surprising that, empirically, collective bargaining is associated with lower levels of inequality<sup>15</sup>. And the OECD called on government to 'put in place a legal framework that promotes social dialogue in large and small firms alike and allows labour relations to adapt to new emerging challenges.'<sup>16</sup>

Employers benefit too. Collective bargaining is linked to lower staff turnover, higher innovation, reduced staff anxiety relating to the management of change and a greater likelihood of high-performance working practices.

## **Collective bargaining decline**

Despite the clear benefits to workers, employers and society of collective bargaining, the trend of collective bargaining coverage and union membership has been downwards in the UK for roughly the past four decades.

Immediately after the second – world war, collective bargaining coverage in the UK stood at 85 per cent. In 1979, before the election of the Thatcher government, 82 per cent of UK workforce had their pay and conditions determined by collective agreements or wage council orders. By 1996 (when currently comparable statistics start), coverage had fallen to around 35 per cent, falling further to stand at 26 per cent today.

The reasons for this decline are both political and industrial. The Conservative governments of the 1980s and early 90s dismantled much of the national and sectoral collective bargaining machinery that had been in place throughout the post-war period and in some cases since the late nineteenth century. At the same time, attacks on trade union rights made it harder for unions to recruit and represent their members at workplace level.

Added to this more challenging legal landscape are the significant industrial changes that have taken place since the 1980s, and in particular the relative decline of the traditionally unionised manufacturing sector and the growth of the private services sector. This shift has significantly reduced the extent to which people are exposed to trade unionism simply through being in work. Other changes, including the increasing proportion of people working in smaller workplaces and the sharp rise in people in insecure work and employed via agencies, have created significant practical barriers for grassroots union organisation.

Taken together, these changes have made it harder for unions to grow and thrive and have deprived an increasing number of people of the protection of collective bargaining and representation.

Since 2015, unions have faced an even more difficult legal environment, with further restrictions put in place by the Trade Union Act. On the industrial front, public sector outsourcing, high staff turnover in high-employment sectors such as retail and hospitality, company failures and restructuring and the continued rise in precarious work continue to create challenges for working people to

come together in trade unions for their mutual protection and support.

This decline of union influence has directly harmed the interests of working people and their communities. The share of GDP going to wages has shrunk from an average of 57 per cent between 1945 and 1975 to 49 per cent in 2018.<sup>17</sup>

In many workplaces the balance of power has shifted too far in favour of employers. Policy can shape and reshape the fundamental features of labour markets. So, it is essential to roll back the restrictive provisions put in place by previous governments and to give unions and working people the tools they need to make the right to collective bargaining, enshrined in international law, a practical reality.

### **Shifting the balance of power**

There needs to be a shift in power from employers to unions. We need new rights for workers to benefit from the protection that collective bargaining brings.

Our proposals for reform include:

- Unions to have access to workplaces to tell workers about the benefits of union membership and collective bargaining (following the system in place in New Zealand).
- New rights to make it easier for working people to negotiate collectively with their employer, including simplifying the process that workers must follow to have their union recognised by their employer for collective bargaining and enabling unions to scale up bargaining rights in large, multi-site organisations.
- Broadening the scope of collective bargaining rights to include all pay and conditions, including pay and pensions, working time and holidays, equality issues (including maternity and paternity rights), health and safety, grievance and disciplinary processes, training and development, work organisation, including the introduction of new technologies, and the nature and level of staffing.
- The establishment of new bodies for unions and employers to negotiate across sectors, starting with hospitality and social care.

### **Conclusion**

An agenda to tackle child poverty in working families cannot be

solved by higher pay alone, as we need to support families who may need to work shorter hours, and we need to have decent public services provision. But a sustained increase in pay is necessary and the TUC believes the way to deliver this is through collective bargaining.

Collective bargaining is recognised in international law as a fundamental right, recognised by ILO Convention 98. It is also a public good. Through enabling working people to keep a greater share of the profits created by their work, it promotes economic equality.

There has to be a decisive shift in power from employers to workers. We need new rights for workers to benefit from the protection that collective bargaining brings. Collective bargaining once again should become the norm and the expectation for working people in the UK.

Having a job should mean workers can have a decent standard of living and be able to support their families and children.

# **The Living Wage – impacts against child poverty**

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## **Introduction**

This chapter takes a look from a trade union perspective at the role of the Living Wage in reducing child poverty in the UK. It offers a brief outline of how the rate defined by the Living Wage Foundation has impacted on the economy. It then goes on to highlight the possible limitations of the wage, which point to how it may need to be complemented by other interventions in the labour market and government policies to achieve more substantial results.

UNISON, and its predecessor unions, led by both Rodney Bickerstaffe and Dave Prentis, in the 1980s and early 1990s won battles inside both the TUC and Labour Party to establish a statutory wage floor and led the first living wage campaigns too before the rise of the citizens living wage movement in early 2001 in east London. Grants from UNISON's Political Fund helped academics do the initial minimum income standards research that the first local living campaigns used to establish their local living wage claims. At that time there were still many activists who believed that free collective bargaining was paramount and that state intervention was unwelcome. During the 1990s, debates moved onto how to set the Minimum Wage, whether to have a commission or formula linked to male average earnings, whether or not to have regional rates and age rates, and similar questions.

The establishment of the minimum wage by Labour in 1999 gave many of these debates huge practical relevance and an existing standard to compare against. By 2004, a mass poll of Labour Party members showed that the establishment of the National Minimum Wage was the most popular achievement of the Labour Governments to date. Behind the scenes however, debates continued with UNISON lobbying for more ambitious rates to be set. A year after introduction, the initial 1996 estimate that 2 million workers would be covered turned out to be a significant overestimate due to a cautious first rate being introduced in a booming economy – at that time the

number was nearer 850,000 when the statisticians gave their final verdict. Coverage of 16 and 17 year olds, apprentices and the removal of 22 year olds from the youth rate were to follow.

Whilst the minimum wage and living wage have been undoubted successes, comradely debates have continued across the movement, and with ambitious new living wage policy now adopted by Labour, these debates are well worth revisiting in the context of the child poverty agenda.

## **Impact of the Living Wage**

The Living Wage has expanded as a baseline for UK pay rates with tremendous speed over recent years. This is perhaps surprising, given how vehemently it was opposed by Conservatives and business organisations at the start. Yet at the 2015 general election George Osborne at the last minute trumped Ed Miliband and Labour with a more ambitious policy that led to the today's so-called 'National Living Wage'. In addition to unprecedented ambition on living wage rates, Labour now plan to roll out sectoral collective bargaining, a move welcomed by unions. Too often think tanks in this area of policy fail to acknowledge union bargaining at all in their diagnosis and prescriptions for tackling low pay and child poverty.

The living wage was established as a benchmark for a basic but broadly socially acceptable standard of living. There are now in excess of 5,600 employers accredited as Living Wage employers by the Living Wage Foundation, a figure that has grown from around 200 just seven years ago as popularity has spread.

The wage is now paid by some of the most high profile private companies operating in the UK, from Barclays to HSBC, KPMG, IKEA and Lidl, putting over a third of the FTSE 100 companies on the foundation's accredited list.

Within the public sector, the Living Wage gained an important foothold when Scotland made it the minimum for public sector workers and accreditation has spread across councils, NHS trusts, police authorities, universities and colleges.

Even where not directly adopted, the Living Wage pull effect has been felt over the last two years, with pay deals extending rates at or above the Living Wage across vast numbers of workers covered by national agreements negotiated by trade unions in the



National Health Service, education and local government. The Scottish Government with UNISON established the living wage as a minimum for in house employees and then went on to fund the living wage in areas such as social care, where funding is public but delivery is largely by the voluntary or private sectors.

Arguably, the Living Wage has had a similar knock-on effect for the National Minimum Wage, where even the name was appropriated in 2016 when the government established a markedly higher rate for workers aged 25 or over and labelled it the “national living wage.”

These developments have contributed to a fall in the proportion of workers earning below two-thirds of median earnings (the OECD definition of low pay) from 20.7% in 2015 to 17.1% in 2018<sup>1</sup>. Although 4.7 million workers are still classified as low-paid, the fall puts the proportion of workers classified as low-paid at its lowest level in over four decades.

It is also worth remembering that the widely predicted mass increases in unemployment, bandied around by prominent Conservatives (such as the young candidate MP for Stafford David Cameron who was quoted in the Stafford Chronicle as saying a National Minimum Wage “would push unemployment right back up”), entirely failed to materialise. This, the Low Pay Commission would rightly claim, was one of their biggest successes in the way they check low pay sectors and collect evidence across the UK.

This backdrop suggests that the Living Wage can only have a positive effect in raising the income of low-paid households and therefore acts as an important contributor to tackling child poverty – after all, each full-time working member of a household on the real Living Wage receives £1,524 more a year than someone on the highest National Minimum Wage rate.

However, other developments in the economy point to its limitations and factors that must be integrated with the Living Wage to have a truly transformative impact on child poverty.

For instance, the proportion of workers paid below the Living Wage has generally been travelling in the opposite direction to the OECD measure of low pay, rising markedly over the last decade and picking up last year to 6.4 million people.

Similarly, analysis by the Joseph Rowntree Foundation (JRF) shows that, by their measure, the number of workers in poverty has risen by half a million in five years to reach four million people<sup>2</sup>. Consequently,

the in-work poverty rate is at its highest level for 20 years.

Poverty has shifted away from its former predominance among non-working families, to the point that 60% of poverty, and 70% of child poverty in the UK is now found in families where someone works.

These disparities in figures are down to the different ways of measuring low pay. While the OECD definition bases measurement around pay relative to average earnings, the Living Wage and JRF benchmarks take more explicit account of the cost of living faced by households.

The picture painted of expanding poverty despite the success of the Living Wage reflect the possible gaps set out below in the ability of the Living Wage to reach children living in poverty as parts of the social security system have been withdrawn.

### **Sporadic effect on households with children**

The Living Wage is a voluntary rate, which cannot be enforced on any employer. Trade union negotiators seek to persuade employers to adopt the rate by making both a moral case and a business case that demonstrates the benefits of reduced turnover, improved productivity, lower sickness absence and enhancements to the organisation's reputation. Ultimately, unions can of course turn to industrial action, but the coverage of the existing Living Wage is inevitably patchy.

Enlightened employers may adopt the wage and the decision is easier for employers operating in sectors where low-paid roles may make up a relatively small part of their workforce.

However, particularly in low-paying sectors such as hospitality and retail, where higher pay rates are most needed, employers are clearly reluctant to adopt a Living Wage if they view it as putting them at a significant competitive disadvantage and where there is no guarantee that competitors will follow suit. Some employers will adopt it for in-house staff only and forego formal accreditation with the Living Wage Foundation because they do not want to impose on contractors.

In contrast, the National Minimum Wage stands on a statutory footing. Enforced by government agency, it sets a baseline level playing field for all employers. It is worth noting though that this distinction between the Living Wage and National Minimum Wage may be set to diminish. UNISON, in common with many organisations,

has consistently made the case that the statutory minimum wage should be set at the Living Wage rate.

This position appeared to gain some success when the government set a target for the National Minimum Wage to reach 60% of average earnings by 2020. With a new remit for the Low Pay Commission beyond 2020 now under consideration, the government has declared that it is open to the possibility of setting two-thirds of average earnings as the next target. This follows the Labour Party's previously stated commitment to establish a minimum wage of at least £10 an hour from 2020.

If adopted, both these scenarios have the potential to dramatically close the gap between the minimum wage and Living Wage, or even turn the minimum wage into a truly Living Wage, depending on the speed with which any proposal is adopted and the uprating pattern of the wages.

A further dimension in the sporadic coverage of the Living Wage is in relation to its treatment of contractors. While the process of accreditation demands that an employer sets out a plan (often up to six years long) for raising staff employed by their contractors to the wage rate over a specified time period, again this relies on contractors agreeing to comply, with limited powers for the employer or public body to carry through enforcement against an unwilling contractor.

Finally, one dimension in which the Living Wage trumps the coverage of the National Minimum Wage is in its treatment of young workers. While any accredited Living Wage employer has to pay the rate to all staff aged over 18, the minimum wage applies reduced rates to staff aged between 19 and 24, placing children of young parents in particular danger of facing a life of poverty. This is also a problem that Labour policy promises to address by abolishing the lower minimum rates for younger workers.

### **Inadequate rate for households with children**

The Living Wage rate is in fact a weighted composite of the wage needed by a variety of different household types. The hourly wage calculated as achieving a Living Wage varies markedly by households type – running from £6.35 an hour for a couple to £19.05 an hour for a lone parent with three children.

All the different categories of single parent household require a

Living Wage in excess of £12 an hour, while any couple with three or more children requires a Living Wage in excess of £11 an hour<sup>3</sup>. For these households, the £9 UK Living Wage rate stands anywhere between 25% and 116% below their requirements. It is not surprising therefore that sometimes at union conference a delegate gets up at the rostrum and describes how their employer proudly pays the living wage but that they still have to use food banks.

Therefore, for many of the households most likely to face the disadvantages of child poverty, the UK Living Wage rate is a grossly inadequate income. Both the tax credit and universal credit two child limit on new claims and limiting annual rises to CPI not RPI compound this problem.

### **Inadequate hours for households with children**

Of course, the most obvious point about the Living Wage is that households where the adults are not employed will not benefit from it. Even though there has been a shift toward in-work poverty, workless households still account for 40% of poverty in the UK.

However, even households containing adults in employment and earning the hourly Living Wage, can still be left facing poverty if the number of hours offered by employers is inadequate to achieve a decent standard of living.

The need to mesh a Living Wage rate with adequate hours has been acknowledged by the Living Wage Foundation itself with the launch this year of its Living Hours campaign. Many workers are responding to the threat of poverty by taking multiple part time jobs (sometimes with the same employer and sometimes across a huge variety of sectors) Unions are increasingly having to grapple with the organisational challenges of their members having jobs in workplaces without local reps and paying subs on their main job only.

The problem of inadequate hours has been growing more acute over the last decade, as evidenced by the TUC's study<sup>4</sup> of the changing face of the UK labour market in 2016 which uncovered the following key points:

- The number of people who work on a low-paid self employed basis had risen by one million over the previous decade to reach 1.7 million;
- Zero hours contracts had risen from 70,000 to 810,000 over

the decade;

- Temporary work on an involuntary basis had climbed from 370,000 to 485,000.

Therefore, while the general employment level had expanded by 9% over the previous decade, forms of contract that are vulnerable to workers being left with inadequate hours surged. The total numbers working for an employer on any form of insecure contract ballooned by 88% (principally driven by zero-hours contracts) and low-paid self-employment ramped up by 143%.

Since 2016, those trends appear to have largely flattened off according to official statistics, but nonetheless the make-up of the labour market retains the changed features that followed the 2008 recession and became popularly known as the “gig economy.”

These developments outlined by the TUC were confirmed by the Resolution Foundation this year, when its *Setting the Record Straight* report<sup>5</sup> showed just how dependent employment growth has been on “atypical work.” Over two-thirds of employment growth since the recession has been in the form of self-employment, part-time, temporary, agency and zero-hours jobs.

The low pay that characterises such forms of employment is reflected in the fact that a quarter of staff legally classified as “workers” (which is frequently the legal classification of zero hours workers) receive less than two-thirds of median earnings. Fully half of the “self-employed” also dip below this threshold. The distinction in UK law between employee and worker status is not well understood by policy makers and this is something that Labour have promised to address in future.

The legal dimension of addressing these issues has also been highlighted by a host of high profile court cases that have exposed the designation of staff as “self employed” as a sham. Examples include the 2016 tribunal case brought by drivers for taxi firm Uber found that they were wrongly classified as self-employed rather than workers. Therefore, they were entitled to workers’ rights enshrined in National Minimum Wage and Working Time legislation, which are denied to the self employment. When Uber took the case to the Court of Appeal in 2018, they lost again. Within two years of the original Uber ruling, victories followed on the same basis for couriers at City Sprint and Hermes, as well as a plumber at Pimlico Plumbers.

## **Controversy over effect of regional rates on households with children**

The Living Wage Foundation defines a Living Wage rate for the UK and a separate rate for London that accounts for the higher cost of living in the capital. A case could be made that various other pockets of the UK also face higher costs than the UK average. Mainly as a result of higher housing costs, much of south east England may fall into this category, but the argument could also be applied to “hotspot” cities or districts around the UK, such as Edinburgh, central areas of Manchester and Birmingham, etc.

UNISON has always rejected bargaining for local Living Wage rates on the basis that it is a dangerous path which could lead to an utterly fragmented system. This fragmentation can be observed in a country like the United States, where states, counties and cities deploy a myriad of different minimum pay levels.

While attractive to addressing the pockets of poverty that can frequently be found in areas that are relatively wealthy as a whole, regional rates can actually serve to entrench regional disparities in poverty, because they reduce the effect of a uniform Living Wage in pulling up pay rates in the poorer areas of UK.

Travel to work areas are growing as workers take on longer commutes in search of affordable housing and one cannot assume all workers work close to their workplace. Union reps in low wage areas such as the south west of England and Northern Ireland tremble in fear every time these issues are raised. Indeed, in 2011 all the NHS Trusts in the south west of England paid in to a fund so they could fund a campaign to break the national NHS pay agreement and pay their staff less, so as to meet their budget cuts. Their justification was their claim that they would be matching local labour market rates. The south west of England might have lower wages than average but it has very high housing costs and led by UNISON there was a ferocious back lash led by cleaners, porters, nurses, nursing assistants and more. The cartel plan collapsed.

UNISON has traditionally preferred to deal with issues in high cost areas by bargaining for locational or occupational supplements to basic wages rather than tampering with the Living Wage itself. However these need to be regularly reviewed and constantly checked to ensure that they do not break the Equality Act.

Every 5 years or so a new Treasury minister, egged on by

right of centre think tanks and academics, asks civil servants to review possible regional public sector pay rates, benefit rates and regional minimum wages. Every time the evidence coming back from both public and private sector employers is extremely mixed. National private sector employers find it equally hard to define higher cost areas and admit once an extra allowance is given it is virtually impossible to remove it without a dispute or catastrophic effect on morale. The reviews are usually quietly shelved.

## **Conclusion**

The Living Wage has an essential underpinning role play in preventing poverty and it needs to move from a voluntary rate to a statutory minimum up rated annually. Clearly, a holistic approach is needed going forward that expands union collective bargaining, considers all aspects of the social security system, sees the Low Pay Commission becoming a Living Wage Commission, and also lowers living costs such as childcare, school food, school uniforms, bus travel and heating homes. However, to prevent child poverty in particular, the Minimum Wage and Living Wage are only one part of the solution.

# Low pay and in-work poverty from a gender perspective

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## Introduction

This chapter argues that in order to tackle both the low pay and in-work<sup>1</sup> poverty that are implicated in child poverty we need to think about these issues from a gender perspective. This is not the same as carrying out a wider exploration of gender inequalities in the labour market. And it does not just mean investigating how many women and men are affected by low pay and in-work poverty. It also involves an analysis of how assumptions about gender roles and relationships shape our employment and social provision in such a way that they contribute to these outcomes for children and those bringing them up.<sup>2</sup>

It is important to note from the start that, whilst low pay relates to a worker in the labour market, and is measured on an individual basis, 'in-work poverty' – when referring to children – relates to a household, with poverty measured on a household basis. In addition, low pay is measured on an hourly basis and refers to gross income (before tax and contributions), whereas poverty is usually measured on a weekly basis and refers to disposable household income, after taxes and contributions and often also after housing costs. The two issues, whilst related, are therefore not the same, despite some confusion in public debate.<sup>3</sup>

## Low pay

Take low pay first. The trades unions have traditionally defined low pay as a gross hourly wage level of under two-thirds median earnings. The relationship between low pay in this sense and in-work poverty is not straightforward;<sup>4</sup> and many low-paid workers of course do not have children. But there is some evidence to suggest that low pay is a contributing factor to in-work poverty among families with



children. Why is gender important in relation to this?

First, whilst many young childless men and women may be low paid – with a lower national minimum wage by law under the age of 25 – above this age low pay is more prevalent amongst women.<sup>5</sup> One reason for this is that, given the paucity of quality part-time roles (see below), many mothers in particular feel that they have to take low-paid jobs instead. This therefore raises the issue of the kinds of jobs women, in particular those with caring roles, tend to carry out, and the under-valuation of these.<sup>6</sup> Almost half of all care workers in England (500,000) are paid less than the real living wage, for example.<sup>7</sup> In addition, the figures on progression out of low-paid jobs show that a far higher proportion of women become stuck long term in these positions,<sup>8</sup> even sometimes after their children have grown up.<sup>9</sup>

Low pay may contribute to the household suffering in-work poverty in certain situations (defined in the conventional way, explained above). This will be more likely if it coincides with low hours of work, and if there is no other earner in the household. These issues are explored further below. Regardless of this, however, it is important to tackle low pay as an important (and gendered) issue in its own right, in terms of its impact on individual income over the life-course, not just its relationship to low household income at one point in time.

## **Hours of work**

Many mothers work part time, as noted above, especially when children are young. There has been a significant increase recently, however, in the numbers of low-paid men working in part-time jobs.<sup>10</sup> Up to now, it has been the case that men tend to work part time at the beginning and end of their careers, whilst women are more likely to work part time when they have children, in the middle of their working lives, at the time when progress and promotion would usually occur. However, recent research shows one in five low-paid men aged 25 to 55 working part time.<sup>11</sup> Only some of these men will be living in households with children, and their position may not result in in-work poverty; but if their partner also works part time, this is more likely. And it reminds us that some insecurities and disadvantages traditionally associated with women may increasingly be affecting some groups of men as well.

As noted above, low hourly pay is more likely to lead to in-work

poverty affecting children in certain household situations. The vast majority of single-parent households are headed by women – who share the disadvantages faced by other women workers with children – and for them in particular, any move to improve their income by increasing their hours of work is likely to leave them in ‘time poverty’.<sup>12</sup> In fact, the Resolution Foundation has expressed its concern that the structure of universal credit incentivises single parents (particularly renters) to reduce their working hours below the 16 hours per week threshold that was previously required to qualify for working tax credit.<sup>13</sup> In a single-parent household, there is of course no other earner to make up the remaining hours or income.

The IFS found that 33 per cent of children of working lone parents were living in poverty in 2015 after housing costs.<sup>14</sup> Indeed, whilst one reason for increasing in-work poverty in recent years has been the relative decrease in poverty due to joblessness, another has been the growth in the proportion of single parents in employment, which has risen from one-third to two-thirds over the past twenty years. These single parents have often entered part-time, low-paid employment, thus increasing the numbers in in-work poverty.<sup>15</sup>

The British Social Attitudes Survey has explored public attitudes towards mothers’ employment when their children are young and related issues for many years,<sup>16</sup> and has found that these can and do shift. Policy changes leading to different personal experiences can also result in attitudes changing – for example, towards paid work and/or formal childcare provision.<sup>17</sup>

## **Number of earners**

Seen at a household level, the number of earners may also be seen as an issue of hours of paid work – but the policy issues and solutions may differ, so here this is treated separately.

The IFS study already cited showed that one-third of all children living in in-work poverty in 2015 were living in one-earner couples; and 43 per cent of children of one-earner couples lived in poverty after housing costs, compared with 11 per cent for children of two-earner couples. Of one-earner couples with children, 85 per cent are reliant on male earnings.<sup>18</sup> It is clearly becoming increasingly difficult for couples with a traditional gendered division of labour

to escape in-work poverty. This is in part due to the increase in median household income that has occurred as more couples have two earners, which then sets the poverty threshold at a higher level because it is a percentage of median income. According to the IFS, it is also due to real declines in male earnings – which in other families may be made up for by the woman entering paid work.

Each of these one-earner households identified by the IFS has a partner (over four out of five of whom are female) who is not in the labour market. There may be many reasons for this. One may be the weaker financial incentives for ‘second earners’ to (re-)enter the labour market as compared with tax credits. As the Resolution Foundation has pointed out, ‘second earners’ and single parents are the groups most responsive to work incentives; and the government is relying on women in particular for the increase in individuals in employment (some 200,000) and in total hours worked by those already in employment (113 million per year) that it says will be brought about by universal credit.<sup>19</sup> Yet the Resolution Foundation notes that universal credit still fails to incentivise work for second earner parents sufficiently.<sup>20</sup>

This is consistent with the previous coalition government’s desire to privilege one-earner families in universal credit, which it claimed would give families ‘choice’ about their preferred work-life balance; but it does not seem consistent with the extension of social security conditionality to most ‘main carer’ parents under this new system.<sup>21</sup> It leaves aside the many issues raised about childcare provision in universal credit,<sup>22</sup> including the further weakening of incentives created by the withdrawal of help with childcare costs<sup>23</sup>

## **Out-of-work benefits**

It may seem paradoxical that benefits for people out of work may be relevant to in-work poverty, in addition to the in-work benefits and tax credits usually discussed in this context. But that is what is implied by this analysis by the IFS. Partners not in the labour market may be unemployed, or ill; or they may be ‘inactive’, as the phrase goes – in other words, caring for children or others, and/or looking after the home. Contribution conditions for a range of non-means-tested benefits that give access to an independent income for individuals have been tightened up over the years.<sup>24</sup> This means that

part-time workers in particular may find it harder to become entitled to such benefits. And for those ill and disabled people in the work related activity group, employment and support allowance in its non-means-tested version has been limited to a maximum of a year. These changes have made it harder for partners out of work to have their own income, and are likely to have contributed to an increase in in-work poverty.<sup>25</sup>

## Conclusion

The above analysis suggests that to tackle child poverty linked to low pay and in-work poverty we need to challenge the under-valuation of women's paid work outside the home, and the gendered division of unpaid labour inside it. In addition, and related to this, our failure to invest properly in the social infrastructure needed to underpin a more gender equal economy and a more caring society (including child care) is demonstrated in part through the prevalence of in-work poverty amongst families with children. This needs urgently to be rectified,<sup>26</sup> not only to help to combat in-work poverty amongst those with children but also because of the potential of childcare provision to contribute to child development and a more cohesive society, as well as resulting in more employment opportunities for women.<sup>27</sup>

Some groups would argue that universal credit should provide even more help with childcare costs – such as increasing the percentage of costs covered from 85 to 100 per cent; increasing the numbers of children covered, from a maximum of two; and uprating the caps on costs, which have not been changed since the early 2000s. However, in my view and that of the Child Poverty Action Group<sup>28</sup> amongst many others, we should focus on subsidising the supply side – in particular by extending free early education and child care – in preference to further developing the complex demand side provision which currently exists.

Housing costs have not been a focus of this chapter, which has instead emphasised the importance of a gender perspective. But it is undeniable that not only child care but also housing costs are linked to in-work poverty. Adults living in social housing face a greater risk of in-work poverty than those living in other tenures; but the growing risk of in-work poverty has been most acute in the private

rented sector.<sup>29</sup> This is where many families with children now find themselves, and suffer the impact of cuts in their housing support since 2010 – one reason why it is important to look at poverty after housing costs. The Social Metrics Commission also suggests that we should measure poverty after the impact of childcare costs (discussed above) and the additional costs faced by people with disabilities.<sup>30</sup> It is possible that some of these issues could also be dealt with more effectively through supply side action, as noted above in relation to child care.

Social security provision for those with children is also not the specific focus of this chapter. But this must no longer be weighted to favour one-earner families and worsen incentives for second earners in couples, as it currently is within universal credit. This is important not only because of the potential for households to escape from poverty by having two earners but also because it would encourage partners (largely women) to access an independent individual income, with longer-term implications for their own chances of avoiding poverty.

There is also a strong case for improving child benefit in particular, as well as extending and increasing those non-means-tested benefits available to partners out of the labour market such as contributory jobseeker's allowance and employment and support allowance. Carer's allowance was originally lower than these benefits, because it is non-contributory; but Scotland has increased it to the same level as jobseeker's allowance, and as a minimum this should be emulated throughout the whole UK.

We hope it is clear from the above analysis that to deal with the low pay and in-work poverty that are implicated in child poverty, we need to think about these problems from a gender perspective. This must then also inform the policy and practical solutions recommended.

# **A grand redesign of our housing system can unlock thousands of children from poverty**

**Darren Baxter** is housing policy and partnerships manager at the Joseph Rowntree Foundation

A secure, stable home is a vital part of a child's development. A place for them to play, study and build memories. But many families with children find themselves locked in poverty by the cost of housing, and that cannot be right.

Housing is – and for some time has been – high on the political agenda, but far too often the voices of those in poverty have not been heard in this debate. If we are to make a genuine commitment to solving poverty and unlocking the potential of all in our society then we must tackle the high cost of housing. We must redesign the housing system to ensure that families have access to affordable homes, unlocking children from poverty and freeing them to enjoy the opportunities we all want for our children.

## **The UK's housing poverty problem**

Tom and Mary are a couple living in Newham in East London<sup>1</sup>. They have two children and rent a three-bedroom home from a private landlord. Both Tom and Mary are working and between them they earn £440 a week after tax. This is topped up by Universal Credit.

Tom and Mary's landlord charges them £390 a week in rent; this is typical for where they live. As they are on a low income, Tom and Mary are eligible for some of their rent to be covered by the Housing Element of Universal Credit.

After their Universal Credit payment Tom and Mary have £220 a week to pay in rent to their landlord. This leaves them around £20 a month below the poverty line and that's before they've paid their other bills or bought food for their family<sup>2</sup>.

Tom and Mary worry about the cost of their rent and feel stressed and anxious about their household finances. The high cost of their rent cuts into their income, leaving them unable to do the things they want to with their children and making it challenging for

them to provide for day-to-day life. The cost of school uniform, days out, and clubs and activities often feel out of reach, and they are unable to put any money aside, so unexpected costs, like a broken washing machine, are hard to manage and often mean the family have no option but to turn to high-cost, pay-day lending.

Tom and Mary have been to their local council and have made an application for social housing. However, a scarcity of social homes means they are unlikely to be granted a tenancy. In Newham, there are currently 28,000 households waiting for social housing<sup>2</sup>.

If Tom and Mary were renting a home from a housing association or their council, then they would be paying much less than they are now. After factoring in the support with rent they would get through Universal Credit, they would be around £80 a week better off, releasing them from poverty's constraints and freeing them as a family to enjoy those activities they are currently locked out of.

With 3 million more people in poverty in the UK after accounting for housing costs<sup>3</sup>, Tom and Mary's story is like far too many people's. The unaffordability of housing is a key driver of poverty and one that does not just hit a household's finances but can more fundamentally shake a family's feeling of stability and security in their home.

High housing costs mixed with unpredictable rent rises can make people feel deeply insecure, making it hard to plan financially, and in the worst cases can lead to involuntary home moves and homelessness.

Recent research from the Children's Commissioner has found that 585,000 children are homeless or at risk of homelessness, with many living in inadequate temporary accommodation<sup>4</sup>. It is simply not right that so many children find themselves without appropriate accommodation, moving involuntarily with significant impacts on their relationships, education and development.

### **Why are housing costs so high for those on low incomes?**

The Institute for Fiscal Studies has found that low-earning households face housing costs 50% higher than they were 20 years ago, whilst housing costs for the highest-earning households have not risen at all<sup>5</sup>. This has principally been driven by an increase in the number of low-income families who, just like Tom and Mary, are locked out of ownership and social renting and therefore having to rely on the private rented sector to meet their housing needs.

For people living in the private rented sector, rent is usually the biggest monthly outgoing, and increases can really squeeze the family budget. High rents have often wiped out gains from positive changes such as the rising National Living Wage and recent reductions in tax and National Insurance<sup>6</sup>. This is also the leading factor pulling families into homelessness.

The number of families with children in poverty living in the private rented sector has grown rapidly from 2005/06 to 2015/16. By 2016/17, more than four times the number of couple-parent families rented in the private sector (more than 460,000) than in 2000/017. Overall there are 1.3 million children in poverty in the private rented sector, up by more than half a million (69%) since 20088. All the while, the supply of existing and new stock of social housing remains too low to meet need.

The high cost of private rented sector housing is also compounded as rents are inadequately covered by the social security system. Since 2011, Local Housing Allowance (LHA), the benefit designed to cover the cost of rents for low-income households in the private rented sector, has undergone a series of caps and freezes that have undermined its adequacy.

In the past, the maximum amount of LHA a household could claim was set at the median (50th percentile point) rent for that area. In 2011, the maximum was reduced and became payable only up to the 30th percentile point for local market rents. Since 2012, rises in LHA were de-linked from local rent increases and attached to Consumer Price Index (CPI) instead and in 2016 LHA was frozen for four years.

This has led to more low-income households facing a shortfall between their rents and the support they receive, with Shelter research showing that in 97% of areas in England, people will experience a gap between their rent and LHA in properties that should be covered by the benefit.

Despite their housing costs being typical for the area they live in, Tom and Mary still face a gap of £83 a week between their rent and the LHA cap, the maximum rent that Universal Credit will cover. This contributes significantly to the high burden that housing costs place on their ability to get by.



## **What can we do to ensure that families with children are not locked in poverty as a result of their housing costs?**

If we are to loosen poverty's grip, we must address the high burden that the cost of housing places on families. As a first, essential step in providing immediate relief to families who are restrained by high housing costs, government must commit to ensuring that the Local Housing Allowance covers at least the bottom 30% of rents, as it is designed to do. While it is positive that the freeze on social security has come to an end and that housing cost support will begin to increase, this is inadequate to meet the true costs of renting.

Research commissioned by Crisis has found that re-setting housing cost support in line with the cheapest rents would unlock 32,000 households from poverty, including 35,000 children<sup>9</sup>. If government were to re-set housing costs support in line with the cheapest rents, then a family like Tom and Mary's would be around £200 a month better off.

Alongside directing support through the social security system, it is also important to ensure that we reduce housing costs for families on low incomes. Doing so means investing in the 90,000 homes for social rent that analysis shows are needed to prevent families from being pulled into poverty by high costs<sup>10</sup>.

An affordable house-building programme at this scale would see a step-change in poverty rates. Research by the National Housing Federation has estimated that one in every five of the approximately 1.3 million children in poverty in the private rented sector would not be in poverty if they lived in a social rented home<sup>11</sup>.

The positive impact that a supply of social housing can have on rates of child poverty can already be seen in Scotland. While poverty rates in Scotland are comparable to the rest of the UK before housing costs (BHC), after housing costs (AHC) poverty is notably lower in Scotland<sup>12</sup>. While at 24% the child poverty rate in Scotland is unacceptably high, it is 6% lower than the rest of the UK. JRF research has shown that the higher rates of social housing, alongside generally lower housing costs, are a key factor in explaining this difference<sup>13</sup>.

This demonstrates that things do not have to be this way. As a compassionate society we recognise that it is not right that children are being locked in poverty and having their options restricted.

Redesigning our housing system and investing in truly affordable homes is a positive and proven step that we can take in unlocking the next generation from poverty.

## **Early Childhood Education and Care policies as a tool for tackling child poverty**

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Four million children are living in poverty in the UK<sup>1</sup>. As the Women's Budget Group has shown<sup>2</sup>, and other chapters in this collection detail, child poverty is closely linked to women's poverty. Lone parents (90% of whom are women) are more likely to be poor than any other household type. 43% of lone parent households were living in poverty in 2017/18.<sup>3</sup> This means any strategy to tackle child poverty must take a gendered approach if it is to be successful.

Childcare has to be central to this for two reasons. Firstly, the gendered division of unpaid care, including care for children, is a key cause of women's poverty. Childcare responsibilities limit women's opportunities to undertake paid work. As Fran Bennett argues elsewhere in this collection, low earnings, as a result of limited working hours, are a significant cause of in-work poverty. Secondly, childcare costs themselves push families into poverty. In 2015 the Child Poverty Action Group and Gingerbread published a report arguing that 130,000 UK children are pushed into poverty as working parents struggle to pay rising childcare costs.<sup>4</sup> More recently the Social Metrics Commission argued that childcare costs should be included in any calculation of poverty levels since these were an 'an inescapable cost that reduces the overall level of available resources that a family has'.<sup>5</sup>

Public investment in high quality universal childcare would allow parents to take up or remain in employment, or undertake training or other activities knowing their child is safe and well-looked-after. It would also allow parents to undertake other caring work, including caring for their own elderly parents.

Good quality childcare develops social, emotional and cognitive skills and prepares children for social interactions. This in turn can reduce social inequalities by helping disadvantaged children access high quality support but also support for their parents (social networks and parenting support).

## **What would a good childcare system look like?**

An effective and sustainable childcare system that works for children, parents and society at large should have the following features:

### Integrated

Integrated with parental leave schemes and school education (wrap-around childcare), available from a very young age, ideally from six months onwards to overlap slightly with adequate parental leave and to smooth transitions, all the way to entry into primary school (and around primary school schedules), with a gradual developmental approach tailored to the needs of each child.

### High-quality

Professional training of childcare workers and equivalent pay to that found in compulsory education. Facilities should offer a safe and stimulating environment, fostering play-based learning with a mixture of child-initiated and practitioner-initiated activities. Quality of childcare is both structural (safety, staffing) and in the process of care-giving (the quality of the relationship between the carer and the child is one of the most important factors of such success). High qualification of staff and low child/staff ratios are important factors in achieving high quality.

### Flexible without being too individualistic

A good number of hours per week should be available. 30 hours in childcare a week is not detrimental to children's social, cognitive and emotional development provided it is of high quality.

### Affordable

Childcare should be free at the point of use, or at the very least, attract very low fees, even for higher-income families. Free childcare would enable more take-up by lower-income families who are often the least likely to rely on non-parental childcare, even when subsidised, as it would overcome administrative burdens, including social stigma in having to go through a form of means-testing.

## Tax-funded

Childcare, like school education, benefits society at large, not just the children or their parents. Therefore, the state should use its general funding means (taxation) in the same way as it does for school education. The 'progressivity' of contributions towards childcare costs is achieved through the progressivity of the income tax system, rather than by creating complicated reduced fees for children of low-income parents.

### **The problems in the current system of childcare in the UK**

The childcare systems in all four nations of the UK suffer the same broad problems of affordability, accessibility and quality, although there are large local variations.

Starting with affordability, UK childcare costs are among the highest in the OECD, even after public subsidies, except for some lone mothers on low-income.<sup>6</sup> As a result most places are taken up on a part-time basis with parents in the UK among those using formal childcare settings for the shortest hours per week in Europe<sup>7</sup>. In 2019 average full-time (50h per week) childcare fees in Great Britain were about £230 for a two-year old (and more than £300 in London). For after-school clubs (at about 15 hours per week), the average was £57 per week during school term.<sup>8</sup>

Public subsidies are patchy and complex. Three funding channels are available, the first two are demand-side oriented (cash support to parents) and the third is supply-side oriented (direct subsidies to providers):

#### Childcare element in Universal Credit (formerly childcare element of the Working Tax Credit)

Families on low income eligible to childcare support can receive up to 85% of a maximum weekly childcare fee. The subsidy is limited to two children and the maximum fees per week that are eligible have remained the same in nominal terms for the last 15 years (£175 for one child and £300 for two children) despite childcare fees rising faster than inflation. This form of means-testing discourages mothers in couples from working full-time.

## Tax-Free Childcare (replaces the system of employer vouchers)

The government pays £2 for every £8 paid by the family per child, for fees up to £10,000 per year. It is not available to those Universal Credit. Instead, parents need to earn the equivalent of the minimum wage for at least 16h, and no parent can earn above £100,000. This is a relatively new system, starting in April 2017, so it is too early to know about its impact but by design this system was always going to provide only a token amount to help with childcare costs (in effect, a maximum of 20% of costs).

## Free childcare hours

State subsidies (in England) to providers to offer 15 hours of free childcare to all children aged 3 and 4 and to the 40% most disadvantaged 2-year olds. On top of that, since September 2018, 15 additional hours of free childcare are offered to children aged 3 and 4 whose parents are in employment (and earn a minimum amount). However, the subsidy to providers is too low to cover adequate childcare, meaning some providers compensate by charging more on the rest of the time or for younger children. This problem is compounded with 30 hours that have to be offered for free. The logic of the policy is also unclear. The first 15 hours of free universal childcare are deemed to be for developmental/ educational purposes with an aim to prepare all children for school. The additional 15 hours are clearly for 'care' of children while their parents are at work (since it is not available to those whose parents are not in employment). It is not clear why this 'care' supplement is offered for free for this age bracket only and not to younger children too. Those looking for jobs – who could benefit greatly from childcare while going to interviews and making applications – are excluded. The free offer is also limited to 38 weeks per year, which limits the scope for a truly 'care-taking' approach while parents are unavailable. In Scotland the free childcare is 16 hours per week for 3 and 4 year-olds and for about 25% of 2 year-olds. From 2020-21 the free entitlement in Scotland will be for 30 hours for all 3 and 4 year-olds (not just those with working parents). Wales offers 10 hours per week free to all 3 and 4 year-olds and is piloting an extension to 30 hours (48 weeks) but only for children of that age with working parents.

In terms of accessibility, although opening hours can be flexible and extend to atypical patterns or long weeks, the main issue is the number of centres or childminders available to look after children. This remains below demand. In 2019 only about 57% of local authorities had enough childcare places for parents working full-time and one in four had enough spots for wrap-around-school childcare for those aged 5-11 or children with disabilities. Supply has improved but remains inadequate.<sup>9</sup>

The third challenge is quality: staff pay and qualifications are low compared to other developed childcare systems<sup>10</sup>. As Butler and Rutter (2016) explain, childcare provision in maintained, public, facilities (within the state school system) performs better, especially for disadvantaged children (a majority of whom attend state-maintained facilities) but quality for voluntary (non-profit) and commercial (for-profit) settings has a significant wealth gradient, with such facilities in poorer areas performing much worse.<sup>11</sup> Moreover, as evidenced by Lloyd and Potter (2014), Ofsted ratings do not capture well the indicators that matter to successful child development. Despite a majority of childcare centres receiving a 'good' or 'outstanding' Ofsted rating, deeper scrutiny of the actual quality of care and development activities showed that virtually none of the 'good' and 'outstanding' centres achieved minimum quality standards.<sup>12</sup>

Prior to the last election the Conservative manifesto committed to a £1bn fund 'to help create more high quality, affordable childcare, including before and after school and during the school holidays'.<sup>13</sup> However, the National Day Nurseries Association argued that this funding would be insufficient to close the funding gap between the 'free' hours currently on offer, and the actual costs to nurseries.<sup>14</sup>

## **Recommendations for policy changes in the UK**

Childcare provision in the four nations of the UK needs a radical overhaul. Provision of high quality universal childcare should be pursued with directly-subsidised places made affordable for all children after the end of their parents leave for a significant number of hours per week, at least 30 or more. Ideally the system should aim for free universal access in the same way as schools, and not be limited to working parents or parents on low income. Avoiding means-testing would be more effective in reaching families whose children

would benefit most from professional childcare services.

De Henau (2019) details a proposal of such universal system, including significant investment in training and building of new facilities.<sup>15</sup> The main features are as follows:

- Free childcare offered year-round and on a full-time basis (De Henau models it on 40 hours but this is flexible), from six months onwards.
- Staff qualification should increase so that about half of practitioners in direct contact with children, are at Bachelor's degree level in ECEC training, with the remainder at ECEC A-level or equivalent (to match structure in best-practice countries).
- Staff pay should increase towards primary education levels to improve retention, job satisfaction and therefore quality of care to children for whom stability of the carer-child relationship is paramount.
- Demand-side subsidies would de facto be abolished given the free universal full-time provision.
- A diversity of providers could still exist (voluntary, state or commercial) though the premise is if one of publicly-funded universal provision.

Despite significant public annual investment needed, to the tune of dozens of billions of pounds (around 3% of GDP annually), the system would not necessarily require raising additional taxes. In a similar way to how other public investment is funded, such as physical infrastructure, this social infrastructure could be funded by government borrowing, with repayments spread over future years, during which time sufficient fiscal revenue stemming from the investment will also materialise to repay the debt. This increase in revenue would occur through two main channels.

Firstly, extra tax revenue arises from increased employment, in the childcare sector itself and as a result of increased economic activity by the new employees. Calculations show that these revenue increase would recoup three quarters of the annual gross investment once the system was fully implemented, including initial building and training costs.

Secondly, over the longer term childcare increases children's and their parents' earnings (and thus increases tax revenue), including other financial benefits from reduced social spending as a result of a



better looked-after population. Even if only considering improvements in mothers' lifetime earnings<sup>16</sup>, our calculations show that for two children in childcare, it would take about 14 years to recoup the investment (for a typical mother on average earnings). This is well within the typical remaining working life span of first-time mothers.

This means that a free universal high-quality childcare system could not only help cut child poverty, increase gender equality, and have other benefits. It would also be self-funding.

## **Conclusion**

The UK childcare system needs radical overhaul. It is neither affordable nor accessible and issues of low quality have remained problematic despite increased public investment in the sector over the last two decades. Given the relatively wide consensus on what constitutes an adequate system of childcare for preschool children, this is entirely achievable, and would have significant positive effects on reducing child poverty. The nations of the UK are gradually moving towards expanding the free hours of childcare offered, in line with other European countries. Going much further, much faster is feasible: offering free universal childcare to all children from the age of six months, despite requiring significant public funding, would actually be self-funding over time from the increased employment and earnings it would generate.

## Poverty and Educational Inclusion

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Poverty has no more malign and profound impact on a child than in its impact on their future. The evidence regarding the negative effect that poverty has on the educational attainment and progression of children is overwhelming. It is close to being matched however by the evidence regarding the impact that educational achievement can have on breaking the cycle of inter-generational poverty. In addition, the role of education and in particular the school in addressing poverty can go beyond giving children the chance to ensure that their children don't experience what they have to endure, and provide things that address the poverty they are experiencing now. This chapter will explore what the role of education in combating poverty could be.

### The impact of poverty on education

As we approach the third decade of the twenty first century over almost one in five children are leaving school education at 18 without basic qualifications<sup>1</sup>. Of these young people many of them live in poverty. Nearly 40% of children who receive free school meals (FSM) leave education without proper qualifications. This represents an increase of nearly 10% over the last 5 years. These gaps in achievement related to economic circumstances begin early and widen over the educational career. Disadvantaged pupils are 4.3 months behind when they start school and this gap widens to over 18 months behind by Key Stage 4.<sup>2</sup> If present trends continue it is estimated that the achievement gap between pupils eligible for the pupil premium and other pupils at GCSE level would not disappear until 2070<sup>3</sup>. However, by that time – given the trend for young people to stay in education longer – obtaining GCSE's will be the equivalent of being able to read or write, and the critical gap where life chances are concerned will be at degree level.

The alarming under-achievement of those children in low

incomes is the result of inequalities in how children are able to engage with an increasingly competitive education system. These inequalities manifest themselves in a range of ways.

Research undertaken with nearly 10,000 teachers last year found children were coming to school so hungry and thirsty it was making them fall asleep. It found that over 90% of teachers in the survey thought poverty was a factor in limiting children's capacity to learn, with almost half (49%) deeming it a major factor.

A lack of basic material necessities combines with parents and family who themselves have often not achieved high levels of qualifications. The result is that education does not occupy the central place it does in more affluent households. This is not to say that education does not matter or, as is often argued, aspirations of low incomes parents are 'too low'. This myth that those living in poverty lack hope and ambition for their children has to be dispelled. The evidence shows clearly that the vast majority of parents of low income children and the children themselves have similar aspirations to all other groups and want to do well in education<sup>4</sup>. What they lack are the financial and cultural resources to make this happen.

This lack of resources is becoming increasingly important as those from more affluent backgrounds focus far more on the education of their children. Be this through private tuition, arts & cultural activities, or moving home to cluster around 'the best' schools, the investment many parents feel is essential to avoid downward social mobility for their children creates a gap between more and less affluent families that is hard to bridge. Over a third of children in more affluent families have received private tuition. The growth in what has been called the shadow education system sits alongside a housing market increasingly driven by schooling. The premium for being in a catchment area for a 'good school' can exceed £100,000.<sup>5</sup>

The clustering of affluent parents around particular schools accounts to a great degree for the perceived strength of these 'good' schools. Conversely it is the concentration of children from low income backgrounds that defines much of why many schools struggle. The failure of the way in which the established 'Progress 8' measures of school performance are being delivered to recognize the importance of school context is only exacerbating these problems.<sup>6</sup> The multitude of challenges that poverty produces, from the hunger that hampers learning to behavioural issues that living in difficult

circumstances can create in children mean that learning is something that too often has to be fitted into the narrow spaces poverty has left.

### **What is being done to address the problem?**

The response of policy makers to the educational poverty of low income children has been hampered by a failure to really grasp the depth of the challenge. The government has invested over £2.4bn per year in the pupil premium but this constitutes less than 3% of the annual education budget. It must also be seen in the context of a fall in overall school budgets since 2010 which has seen many schools using pupil premium money to make ends meet. In 2017 the Government launched the Opportunity Area programme which has been a £120m investment in improving educational outcomes in 12 social mobility 'cold spots' across the country.<sup>7</sup> Whilst, to close the education gap in schools, the Education Endowment Foundation was set up in 2011 with a £125m grant to develop evidence based approaches to improving the attainment of pupils from disadvantaged backgrounds.<sup>8</sup> The initiatives above are undoubtedly welcome and do make a difference. But they are inadequate in the face of the problem they attempt to address. The lack of a coherent long-term strategy that looks not just to improve how the system supports learners from low income backgrounds, but to change the system itself, is glaring.

### **What more needs to be done**

The starting point of any long-term coherent strategy to address educational poverty is to recognize that it depends on addressing material poverty. Education alone can only do so much. But where investment, innovation and the will of politicians and the community is there, educational outcomes for low income children can change. Young people from low income backgrounds in certain parts of London are achieving at quite remarkable levels – outstripping those from higher income backgrounds in other parts of the country.<sup>9</sup> The reasons for these results have been debated extensively. It appears that investment in school collaboration in the 2000s via the London Challenge had a role to play but as or more important is the ethnic diversity of London and the importance placed on education by many Black and Minority Ethnic communities<sup>10</sup>. It would be far from

straightforward to reproduce the successes in parts of London (by no means all low income young people do so well in the capital). This story does show though that change is possible. It also shows the importance of creating an educational culture in low income areas and communities. A coherent strategy needs to focus on creating that educational culture. There are four things that could be done to contribute to that goal and these are described below.

### **A re-imagining of the school**

Giving the school an enhanced role in the lives of children to help address their material condition has been one of the approaches supported recently both by Labour<sup>11</sup> and the Children's Commissioner<sup>12</sup>. Schools have taken on more of the load in providing support outside of learning as poverty has increased in the last 10 years – including feeding, washing and clothing some pupils. These tasks have just added to the challenges these schools face in achieving educational goals. Nor is it the role of the school to compensate for all aspects of material poverty. However, this is not to say that where funding is in place the school could or should not extend its role in low income communities. In Hammersmith and Fulham, for example, over £2m has been invested by the local authority in a borough-wide School Food Poverty programme where all primary school pupils get free breakfasts and this is already showing promising results. Free lunches for all pupils in two secondary schools in the area are also being piloted.<sup>13</sup> The role of the school can be 're-imagined' to provide more holistic support for pupils and the community, but any such change has to be properly funded and planned.

### **A learning entitlement**

The differential in overall investment in education across social groups has to be confronted. It is unlikely that the more affluent will dial down how much they invest in their child's education. This means that in order to give low income children the chance to compete then they must have an entitlement to the support others receive. Central to such an entitlement are opportunities for additional cultural, sporting and learning activities so that the total hours of learning/enrichment, both 'in' and 'out' of school, that low income children benefit from, starts to look like what their more affluent peers receive.

## **A shift in the ownership of learning**

The re-imagining of the school in low income communities needs to extend beyond the provision of additional services. These communities need to be involved in how schools & education itself is governed and run. A starting point here would be a concerted target driven effort to get those from low income communities and backgrounds on school governing bodies. This should be an essential feature of any strategy to address children's material and educational poverty. The school is too often been seen by working class communities as a place that belongs to someone else. If the education system is to serve working class people better, it needs to start to belong to them.

## **Education for the family and community**

Adult learning has fallen by the equivalent of nearly 4m learners in the last ten years<sup>14</sup>. This is the context of an adult learning environment where those with the fewest qualifications learn the least. Until the position of education in low income communities changes, whatever happens in schools will close educational achievement gaps only so much. All adults should have, as was argued by the Labour Lifelong Learning Commission in their 2019 report<sup>15</sup> a concrete, funded entitlement to learn. Increasing the number of low income adults in learning would both address one of the causes of child poverty i.e. low skills/qualifications, and give parents the ability to help their children achieve their potential as learners. An entitlement to learn for adults would link with the entitlement for children described above. It would also rebuild a relationship with education which for so many adults has been negative since their own childhoods.

## **A new approach to education**

The ideas outlined above need to be part of a wider approach to educational reform that builds a system appropriate for a century where education and skills will become increasingly important. The National Education Service (NES) was at the centre of Labour's education offer in the 2019 election. The discussion around what the kind of new approach to education the NES represents needs to develop over the next 5 years so people are able to understand what

it is and how it can benefit them. There is no more appropriate place to start this conversation than by focusing on how the education system can address poverty and its impact on low income children. Children in poverty represent the ultimate test of the success of any educational system. Our system has resolutely failed this test for the past century – the challenge now is to ensure that this does not happen over the next one.

# Health Equity and Civil Society: Levers for Reducing ‘Child obesity’

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## Introduction

London headquarters major international and national food and drinks corporations. It is the seat of national government. It is the centre of concentrated wealth. It has the highest rate of child poverty<sup>1</sup> and the deepest inequalities of ‘childhood obesity’ in the UK<sup>2</sup>. It makes a very poor showing with urban comparators in other wealthy countries<sup>3</sup>. London makes visible the structured nature of inequalities and illuminates the limitations of recent policy which highlights the behaviour of individuals and communities. Childhood obesity prevalence is used internationally as an indicator of future population health. While children’s health is of foremost concern, its framing through ‘obesity’ is contested by many. The word ‘obesity’ is associated with stigmatisation creating a hostile environment for higher weight people<sup>4</sup>. In contrast to dominant policy thinking about weight and health this paper positions inequity as the ‘problem’ for child health and aims for a shame-free language about body size. Our focus is on the neighbourhood level, on deprived communities, which are most exposed to harmful foods. In this paper, we elicit the views of Londoners; blamed and shamed parents of higher weight children, to show the need to accord power to people in policymaking, if inequity in child health is to be tackled effectively.

Children’s health is being undermined by poverty. The government sponsored low-wage system, casualised labour market, austerity welfare regime, and the ubiquity of food environments damage child health. These material barriers operating at the local level limit the power of communities to be as effective as they want to be in caring for their children’s health. We think that knowledge and experiences of civil society at every level of the food environment are crucial to



making strategy work. We argue that involving them in shaping their food environments is crucial to addressing inequity in child health. At present these voices are unheard due to democracy deficits created by material constraints and lack of structural mechanisms. Labour Party policy on civil society provides useful guidance, during the current period of opposition, for remedying democratic deficits in construction of a healthy food strategy for all children<sup>5</sup>. We suggest that, at neighbourhood level, schools can play a key role in child nutrition and health. Furthermore, schools can play a critical role in civil society building on community hubs models<sup>6</sup>, enabling meaningful local and food democracy with child health equity at the core.

### **UK child health: scraping the bottom**

It is shocking that the UK, which is the world's fifth largest economy, makes a poor showing in league tables on child health. This is presented by the recent Nuffield report comparing health of 10 – 24-year olds in 19 high income countries. Box 1 shows the key areas in which UK is performing least well<sup>7</sup>.

#### International comparisons of health and wellbeing in adolescence and early adulthood

The UK has:

1. the highest rates of obesity for 15- to 19-year-olds among 14 European comparator countries
2. the highest inequalities in obesity prevalence between the richest and poorest, apart from Finland, in countries where data are available
3. the highest rate of young people aged 16-24 living with a longstanding condition among 14 European comparator countries apart from Finland and Sweden
4. low rates of engagement in exercise by 11-year-olds (England and Wales)
5. the highest asthma death rate for those aged 10-24 among 19 countries apart from Australia, New Zealand and United States (US)
6. the highest rate of adolescent girls aged 15-19 years giving birth among all 19 countries apart from New Zealand and US
7. a high percentage of young people aged 15-19 not in education,

employment or training (NEET)

8. high rates of severe material deprivation among 15-to 24-year-olds
9. high burden-of-disease rate for all causes, and in particular type 1 diabetes

Material deprivation, a social determinant, is worse in the UK than in comparators and shows a worsening trend (see table 1). Likewise, obesity rates are worse, with the trend worsening. We might expect countering material deprivation to loom large in policy formation to counter obesity. That is not the case.

Table 1

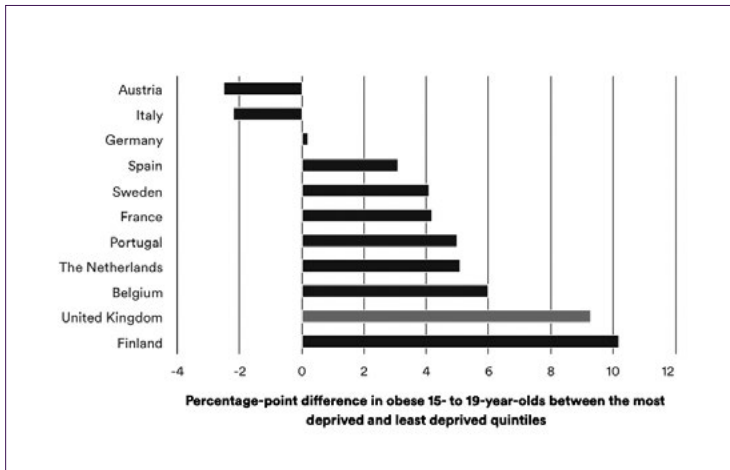
Results Summary: International comparisons of health and wellbeing in adolescence and early adulthood

Indicator (age range)	UK relative to comparator countries	UK trend over past decade
<b>Young people as proportion of total population (10-24)</b>	<b>Similar</b>	<b>Stable</b>
Obesity prevalence (15-19)	Worse	Worsening
Long-standing illness (16-24)	Worse	Worsening
Exercise (England and Wales) (11)*	Worse**	Worsening
Material deprivation (15-24)	Worse	Worsening
Adolescent birth rate (15-19)	Worse	Improving
Asthma death rate (10-24)	Worse	Improvements halted
Adolescent all-cause DALY rate (10-24)	Worse*	Improvement halted
Diabetes DALY rate (10-24)	Worse*	Stable
Not in education not in employment (15-19)	Worse*	Improving
All-cause cancer mortality rate (10-24)	Similar	Improving
Daily smoking (18-24)	Similar	Improving
Alcohol consumption at least once a week (15)	Similar**	Improving
Cannabis use in last 30 days (15)	Similar**	Improving
Suicide death rate (16-24)	Similar	Improvements halted
Adolescent mortality rate (10-19)	Better	Improvements halted
Transport injury death rate (10-24)	Better	Improvements halted
Transport injury DALY rate (10-24)	Better	Improving

Source: Shah et al 2019

This report shows how out of line the UK is with comparable countries regarding inequality in obesity between wealthy and poor teenagers (see figure 1).

Figure 1. Comparison of the difference in obesity prevalence between the most and least deprived 15-19-year-olds, 2014



Source: Eurostat in Shah et al 2019

Policy makers fail to focus on reducing steep inequalities across economic and social conditions that would counter inequalities in obesity amongst young people in the UK. For this reason, inequalities in obesity are inequity. They are unjust.

### **Policy and the social determinants of health**

Conservative policy has contracted to a stigmatising hostile environment, including for obesity that targets communities and individuals delinked from social determinants of health. Whereas, Foresight Obesity posited a whole-system causation of an 'obesogenic' environment, requiring interventions corresponding to multiple levels of agency from government, through agriculture/factory to communities and individuals<sup>8</sup>. To

translate these to Labour policy is demanding as, in our view, the food environment is shot through with democratic deficits in a society grounded in deep inequity. The entire food chain from to factory/farm to fork is implicated. The chain is only partly controlled by nation states. Transnational food corporations operate globally and nudge our children when they make their way home from school. This is a rights issue in respect of our children.

### **‘Obesity’ or inequity?**

Our starting point is reframing the problem. According to Theresa May, childhood obesity is the biggest threat to ‘the health and well-being of our children [that] critically determines their opportunities in life’<sup>9</sup>. Surely, a climate-damaging food system and inequalities in wealth are bigger threats to our children’s future? Non-communicable diseases such as diabetes and cancers increase alarmingly in our health profile in England and globally, threatening to make health care systems throughout even the wealthy world financially unsustainable. Diet is the crucial risk factor across the non-communicable disease spectrum that requires preventive action by making “extensive changes” to the “food system”<sup>10</sup>. For the Lancet Commission, the food system producing obesity is integrally linked with climate change. Health promoting policy for the sustainable reconstruction of agribusiness and the food industry is required to address both<sup>11</sup>.

Rapid increase in prevalence of obesity dovetailed with the emergence of a market friendly global food system. Some public health academics have framed obesity as a neoliberal epidemic<sup>12</sup>. This is epitomised by the global expansion of ultra-processed and high energy density fast foods, and marketing that enabled consumer choice to: ‘eat more, more frequently and in more places’<sup>13</sup>. Many factors influence body fatness, as indicated by the difference in social patterning of excess weight (classified by BMI) by ethnicity, gender and age. But, the social gradient in ‘childhood obesity’ underscores a nutritional inequity that is structural. This points to the need for ensuring that social determinants of ‘child obesity’ are a priority in a prevention strategy. That approach is needed because economic growth is not sufficient to solve problems of poverty and inequity<sup>14</sup>.

The trajectory for current neoliberal policy is to focus on

individual and community behaviour change instead of promoting collective responsibility to tackle the food industry and social determinants. For experts such as Rutter who treats obesity as a complex societal problem, the ascendant approach ignores whole system strategy. The ascendant approach “is reflected in policies and actions biased towards short-term interventions acting at an individual, group, or community level, rather than tackling the structural drivers”<sup>15</sup>. This psychology-based approach exemplified by Hawkins, posits that parents, “particularly those on lower incomes-may be experiencing high “cognitive load”, which means that they have little scope to expend mental effort on eating healthily”<sup>16</sup>. Poverty, financial strain, stress due to marginalisation “can lead to reduced cognitive bandwidth”<sup>17</sup>. So, the emphasis is on motivation to ‘compensate for limited rationality of decision-making’. For example, the school run is reframed as an opportunity for exercise. “How we perceive our environment may be as important as the physical characteristics of the environment itself...”<sup>18</sup>.

Such approaches reinforce the sticking plaster policy approach with small changes ‘nudging’ communities and families towards healthier consumption without engaging with affordability of healthy food. Shaping choice of individuals and communities rather than social determinants is foregrounded. These practical issues are of enormous importance to policy makers against the background of austerity, where health promotion has been devolved to local authorities. A portfolio of affordable quick wins may be compelling: “Changing the physical environment is important but also likely to take a long time and be costly”<sup>19</sup>.

### **Feeding children: takeaways**

In contrast, the experience of carers suggests change to the physical environment is critical. Research in South London<sup>20</sup> suggests that stigmatisation and discrimination are mediated by policy that, carers perceive, allows health damaging foods to be ‘dumped’ in working-class communities. Figure 2 exemplifies the standard parade in a deprived area. In contrast with this vista, where working-class children’s lives appear to matter less, foodscapes in affluent areas are described as ‘not life threatening’. Injustice, is faced by carers when policy makers highlight psychological challenges

facing those carers while ignoring the material constraints on their choices. Some carers become angry when they see unhealthy foods colonise their high streets. Felecia, a mother in receipt of welfare: 'I see my kids growing up ... fast foods popping up everywhere'. The food options promoted – 'allowed' – by government provide 'quick' food, that promotes food practices that are practical for those deprived of time and money: 'I feel the government is allowing all these shops to pop up a couple of yards away from each other, just to give you quick food. That doesn't help you.'

The health damaging effects include impacts on the physical and mental health of children, adults and communities as illustrated here by Samina, a 23-year-old mother:

you're from more lower ... urban areas not so nice ... more crime, drugs and lot more things going on for people to have a clear mind and think 'I want healthy food' and to care about themselves. Whereas if everything looks nice like, you have a clearer mind ... time to think and care for yourself.

Figure 2: Standard parade in deprived areas

*'It's what we see every day ... it's not good'*

Public Health England's evidence review on spatial planning of the built food environment concludes "making healthier foods more accessible and increasing provision of low-cost healthier food could be effective interventions ... these are likely to be more effective as part of a whole system approach to diet and obesity."<sup>21</sup> This too, is supported by carers who articulate a sense of injustice that they have little power to change the food environment yet take 'ultimate responsibility'. Bedria, a childcare worker says:

It's ... the economy ... and government, everything is linked together... It's one big chain goes around and we're in the middle and we're the one who just picks up!... It's us who's responsible for what goes into my child's mouth...

What is on offer at the local fast food outlet is typically shaped by a few companies operating nationally and internationally, i.e. well beyond local authority influences. Following meaningful deliberative processes with community actors, public health policy makers and practitioners could take steps to exert leverage regionally with supply

chains which shape what proprietors can make available to children and low-income customers. Such leverage could be developed across agencies locally but needs to be supported by a national infrastructure for affordable, culturally diverse, healthy food available to low income children and young people. It could and should be grounded in a healthy public procurement strategy for public bodies, as proposed in Labour's civil society proposals: to develop collaborative public procurement directed to "community wealth building and local employment"; to increase the representation of communities and small businesses on local enterprise partnerships, to pilot processes for community accountability. The Labour Party would do well to develop this civil society framework which could operate from farm/factory to fork.

### **Feeding children: Schools**

Current policy focuses on carers with attention also given to takeaways and school food. While noting health inequalities, the Child Obesity Plans<sup>22</sup> consider the proliferation of hot food takeaways and marketing unhealthy foods in neighbourhoods but not food insecurity or free school meals. Among carers there was empathy for those who struggle to feed children at home. Schools should be the mainstay for guaranteeing nutrition. It was essential for child learning. Syrita, a full-time administrator, sacrifices her food to provide fresh chicken and salad for her child: 'when a child is full ... enough food to feed their brains, then they'll do a lot more'. In these contexts, parents and teachers are on the frontline and allies in feeding hungry children. Thus, we argue that there is the need and potential for a labour movement campaign for universal free school meals, as central to Labour's commitment to child health and to 'poverty proof' schools.

Feeding children should be a central tenet of health equity in all policies. For example, what is the role of the state in feeding children: how many times a day and who decides procurements, menus and settings? These are key issues for involving schools in civil society in developing democratic and sustainable local food economies. School students' experiences and voices are critical for policy. Wills et al argue 'give pupils a reason to dine in school' as they choose fast food outlets because these provide time and space to

socialise<sup>23</sup>. For carers, schools should be part of community life and key sites for forums to enable carer involvement in food policymaking<sup>24</sup>. In this way, schools have potential to be actors in civil society.

### **What do carers say should be done?**

Research with carers of higher weight children provides evidence around the living and working conditions which put severe limits on their options for providing food for their children. Liz, bus driver mum shares her experience:

*'If I didn't have to work the hours I do, or my husband the hours he did, the kids would be eating healthily.'*

And Syrita, a full-time administrator, explains the lack of affordability means there is 'no choice' but a choice of necessity, when feeding her child: 'poor don't have a chance ... you're working on a budget ... at the end of the day, the way I see it, no-one has a choice. It's either the cheapest, which is unhealthy, or nothing ... I have to sacrifice. This mother, as others, is positioned on the frontline to tackle 'obesity' and is given responsibility without resources. She is compromised in her family food 'choices' and the care she wants to provide. Comparison is made with middle-class families living in affluent areas, as Leyla, a childcare worker, says:

*'They can afford to go out and buy these organics, healthy foods ... have nannies that prepare the dinners before they get in ... told the nanny 'make sure you feed them healthily'*

In this research, responsibility to care for children was not only personal but collective, exemplified by volunteering in schools or communities. This collective commitment is set against local government cuts including closure of children centres. Their perception was that national and local governments collude with the food industry. Child health is 'all about money', as Andrea, an administrator, illustrates:

*government knows exactly what they got to do ... this isn't rocket science in my opinion, but whether they are ever going to do it is another thing. Ultimately government is there to make money and, in the end, this is about money.  
... food companies have got to be answerable to somebody ...*



*it has to be government. They're obviously not doing anything that's deemed as illegal because they're allowed to do it'*

Despite taking personal and collective responsibility carers face stigmatisation. The injury is two-fold: the child and carer are stigmatised as the information about higher weight body conveys messages of individual and carer deficit. Leyla talks about the feedback letter from the National Child Measurement Programme distributed at school:

*'when you get the letter of your child's measurements you assume it's the parent's fault .... People are going to talk and assume that the parents are obese as well. Or you know, neglecting the child.'*

Faced with the material constraints, carers made trade-offs between multiple caregiving priorities. They were not, and did not want to be, on "auto-pilot". They were not passive recipients of policy but have solutions that would rectify their work-family imbalance. Proposals focussed on decent wages and working hours, increase in community resources such as children centres, greater control of the food industry using product reformulation, cheaper healthy food rather than taxes on unhealthy food, and meaningful involvement of carers in design of high street food environments. However, participation was constrained by pressures of everyday life and lack of access in local policymaking.

Policy makers should take note that carers/families on low incomes now see themselves experiencing injustice and hold government to account for policy.

### **Conclusions: Participatory health equity in all policies**

In the UK there is a vibrant food and health lobby consisting of NGOs and civil society organizations. Consensus is growing to stop body weight bias and for meaningful public engagement in policy decisions around food and child health. However, thinking is dominated by a public health paradigm that remains focused on changing individual behaviours despite the material constraints on low income households. Changing parents' mindset about their local neighbourhood is seen to be more rapid and affordable than changing

the built environment. Public bodies rest content with descriptions of the pattern of weight distribution amongst children. They pullback from attributing causality. This affects the policy levers they are willing to deploy to address the problem. These approaches are failing and new approaches are needed. Within this, the role of schools in our communities should be revisited, as centers where the rights of children to food and health can be guaranteed through universal free school meals.

The answer does not lie with relying on food corporations to take voluntary responsibility. Since the 1990s, food companies have been brought into public health policymaking processes, yet food companies continue to resist, lobby and manipulate change. For example, Action on Sugar<sup>25</sup> found in regards to children's advertising that 'half of all food and drink products, which use cartoon animations on packs to appeal to children, were unnecessarily high in fat, saturated fat, sugar and/or salt'.

Public Health policy should be informed and monitored by reference to impact on health equity especially in respect of children<sup>26</sup>. It should be embedded in a strategic approach to building a healthier food environment incorporating best practice across the UK and internationally. Public health responsibility that has been devolved to local authorities needs to be funded, but the national level needs to deploy legislation and regulation.

While in opposition, the Labour Party should map-out a multi-generational food strategy centred on reducing the inequity resulting from the social production of a ubiquitous unhealthy food environment. This should include comprehensive civil society processes and mechanisms operating at every level of causation within the obesogenic environment from farm/factory to the fork. Within the whole system paradigm, individual and community levels are insufficient to counter obesity if de-linked from social determinants. The individual and community levels are not sufficient, as current government policy prescribes. But they are necessary. This is especially so if Labour policy makers, while in opposition, construct a trajectory to counter inequity. That trajectory must include national legislation and regulation, of course. However, national policymaking designed to counter inequity in health depends on the strength of the community level, where the civil society flourishes or withers.

'Nothing about me without me' is a well-used phrase. So,

recognise that meaningful decision making is a broad participatory process, and consider which voices are missing from policymaking. Faced with constraints on time and resources, our grassroots communities' and workers' voices are missing as they face great challenges in getting involved. Local communities should be 'at the heart of national renewal'.

## **Ethnic minority children and disproportionate poverty**

**Kimberly McIntosh** is Senior Policy Officer at The Runnymede Trust

To successfully reduce and eradicate child poverty, we must acknowledge that ethnic minority children are much more likely to be living in poverty and grapple with why that is. This goes beyond ethnic inequalities in the labour market, although this is vitally important. We also need to explore how some government policies are having an undue impact on Black and Minority Ethnic (BME) families and thus minority children. Changes to the welfare system and the government's public spending choices since 2010 have made life harder for those in poverty, and this disproportionately affects ethnic minorities, disabled people and women, with a cumulative impact for those with multiple, intersecting identities. Making sure government-spending decisions do not harm people with protected characteristics will go a long way towards reducing child poverty.

Although a rising tide lifts all boats, some boats will still fail to reach the top. This chapter argues that any Child Poverty strategy should contain both universalist and targeted policy interventions. Targeted interventions that aim to reduce unemployment rates, pay gaps and pay penalties for ethnic minorities, women and disabled people need to be in place alongside investment in public services for all.

### **Defining the problem: Child Poverty rates in ethnic minority households**

As earlier chapters have shown, the need to reduce the number of children living in poverty is urgent. Poverty in childhood is linked to having a low sense of well-being, underachievement at school and shorter life expectancy and employment difficulties in adulthood.<sup>1</sup>

Yet child poverty in the UK has been rising. After a long period of declining child poverty rates, with some small fluctuations between the late 1990s to around 2010, the trend is now upwards on all indicators.<sup>2</sup>

For families, this means more than half of all children in the UK's very poorest areas are now growing up in poverty. Research commissioned by the End Child Poverty Coalition in 2019 found that the four parliamentary constituencies with the highest rates of child

poverty are Poplar and Limehouse, Bethnal Green and Bow, and East Ham (all in east London), and Hodge Hill in Birmingham. Poplar and Limehouse has 23,706 children living in poverty (a child poverty rate of 58.5%). However, the analysis does not highlight that all of these constituencies have large ethnic minority populations.

In the 17 local authorities with the highest rates of child poverty, BME children make up half of the young population. In the two local authorities with the highest rates of child poverty in the UK, Tower Hamlets and Newham, this rises to over 80%. Outside of London, many of the local authorities with high child poverty rates also have large ethnic minority populations. Blackburn and Darwen (5th) is 46% of children are BME, Luton (7th) is at 65%, and Manchester (8th) is at 52%.

And when we look at the overall rates of child poverty by ethnic group, we see significant disproportionalities. Around 60% of Bangladeshi children, 54% of Pakistani children and 47% of Black children are living in poverty (after housing costs are taken into account). This is compared to a rate of 26% for White British children. Table 1. shows the rates by ethnic groups before and after housing costs. Table 2. shows the 20 local authorities with the highest child poverty rates.

Table 1. Child poverty\* rate by ethnicity, before and after housing costs

<b>Ethnic Group</b>	<b>Poverty rate before housing costs</b>	<b>Poverty rate after housing costs</b>
White	17	26
Mixed/ Multiple ethnic groups	26	41
Asian/ Asian British	32	42
Indian	20	27
Pakistani	46	54
Bangladeshi	42	60
Chinese	22	31
Any other Asian background	23	41
Other ethnic group	33	53
Black/ African/ Caribbean/ Black British	28	47
All children	19	30

Source: DWP (2019) Households below average income 1994/95 – 2017/18, Table 4.5db

Table 2. Local indicators of child poverty, 2017/18 Summary of estimates of child poverty in small areas of Great Britain

Local authority	Percentage of children in poverty 2017 / 2018	Number in poverty
UK	30%	4.1 million
Tower Hamlets	56.7%	42,775
Newham	51.8%	48,862
Hackney	48.1%	32,786
Islington	47.5%	22,257
Blackburn and Darwen	46.9%	19,859
Westminster	46.2%	23,217
Luton	45.7%	28,373
Manchester	45.4%	63,427
Pendle	44.7%	10,293
Peterborough	43.8%	23,663
Camden	43.5%	24,118
Sandwell	43.2%	38,260
Stoke-on-Trent	43.2%	27,421
Brent	43.1%	36,685
Barking and Dagenham	42.8%	29,192
Lambeth	42.8%	29,156
Enfield	41.7%	38,102
Walsall	41.4%	30,551
Leicester	41.3%	39,776
Hyndburn	40.7%	8,307

Source: J Stone and D Hirsch (2019)

To understand and tackle child poverty, understanding the complex relationship between ethnicity, work and welfare is critical.

### **The drivers of poverty for ethnic minority groups: the labour market**

BME people are overrepresented in the most precarious parts of the economy. They are more likely to be in low paid or insecure work, be overqualified for their role and be unemployed than white British people.<sup>3</sup> These inequalities are persistent and have existed since records began in the 1960s.

The concentration of ethnic minorities in low-paid sectors that

have little prospect of progression drives poverty rates. For example, Bangladeshi workers are more likely to earn below the Living Wage and to be the lowest paid regardless of the sector they work in. And the benefits of rising employment rates are not shared equally across ethnic groups. White Gypsy/Irish Traveller groups, African groups and Mixed White and Caribbean groups are all more likely to experience unemployment.<sup>4</sup>

Being in work is also not a guaranteed route out of poverty. Research by the Joseph Rowntree Foundation found that the majority of people living in poverty are in work. As ethnic minorities are more likely to be in low-paid work and live in a household with children, they are more likely to experience in-work poverty.<sup>5</sup>

Further, whilst educational attainment is higher among most BME groups than for White British groups, 40% of African and 39% of Bangladeshi graduates are overqualified for their roles.<sup>6</sup> Research by the Resolution Foundation found that whilst employment rates had gone up for all ethnic minority groups since 1996-2017, Black male graduates can expect to be paid 17 percent less than a white male graduate, equivalent to £7000 a year for a full-time employee.<sup>7</sup> Education does not have a straightforward impact on success in the labour market for BME groups. Further, the evidence that discrimination contributes to inequalities in the workplace is strong and longstanding.<sup>8</sup> Reducing ethnic inequalities in child poverty will require targeted labour market policies and work against discrimination and unconscious bias.

However, some specific groups, such as women from Pakistani and Bangladeshi backgrounds, have much higher levels of economic inactivity than others, linked to unpaid caring responsibilities in the home. Policymakers should consider how ethnicity and the labour market intertwine to ensure universalist policies, such as welfare policy, do not have an undue impact on specific groups, including people with protected characteristics and people on low incomes.

### **The drivers of poverty for ethnic minority groups: government policies**

Government policies that on the face of it should treat everyone equally, can and do disadvantage BME people more than the white majority. Disproportionality, or how government policies often have an undue impact on BME groups, was particularly evident in the

changes to tax, spending and welfare policies implemented since 2010 (popularly referred to as 'austerity'). For example, scrapping the child poverty target and limiting tax credits to the first two children hit all families on low incomes hard. However, as BME families are more likely to be living in poverty, it affects more BME families than white families.

BME people are a heterogeneous group that do not face the same inequalities. For example, some family structures are more common for some groups than others, meaning they are differently affected by policy changes. For example, Black mothers are more likely to be lone parents, and Bangladeshi and Pakistani families tend to be larger than the average.<sup>9</sup>

Changes to the welfare system and public spending reductions have hit low-income women, disabled people and BME people harder than the wealthiest white, able-bodied men. The freeze to working-age benefits that's been in place since 2015, and Universal Credit have had a negative impact on ethnic minority families. For example, Universal Credit has disproportionately hit Black women who are twice as likely to be lone parents. The work allowance – the amount of money you can earn under the universal credit system before you start to lose benefits – has been more favourable to couples over lone parents. The benefit freeze has meant that working age benefits have not increased in line with the costs of living, leaving families with less in their pockets as the cost of food, fuel and clothes increased. Although the benefit freeze will end in April this year, this will not be enough to bring people out of poverty.<sup>10</sup>

Equally, the two-child limit, where benefits and tax credits for children can only be claimed for the first two children, and the benefit cap, which limits the amount of a family can claim in benefits, affect Asian and Black African families more harshly than White British families. This is because they are more likely to have a larger family and live in London, where rents are higher.<sup>11</sup>

Central government funding for local government has also had an impact on BME families. Between 2010/11 and 2015/16 it fell by over 50% and then by a further 30.6% in 2017/18. This resulted in cuts to funding for public services, with some councils struggling to provide anything outside statutory service provision and high profile near bankruptcies.

These spending cuts have affected the most deprived local authorities more than affluent ones. Between 2010/11 and 2014/15,



excluding spending on schools, the most deprived areas saw the largest cuts, averaging around £222 per head. The most affluent local authorities saw the lowest cuts of around £40 per head.<sup>12</sup> This has disproportionately affected the poorest families, including BME families, who are more likely to be poor.

Research by the Women's Budget group and The Runnymede Trust in 2017 calculated the cumulative impact of these changes to tax, spending and welfare. We found that the poorest families have lost the most, with an average drop in living standards of around 17 per cent by 2020 compared to if the policies in place in May 2010 had been continued to that year. Looking within ethnic groups reveals further disparities. Black and Asian households in the lowest fifth of incomes were the worst affected, with average drops in living standards of 19.2 percent and 20.1 per cent respectively, compared to pre-austerity policies. This equates to a real-terms annual average loss in living standard of £8,407 and £11,678.<sup>13</sup>

Welfare reform, which scraps the two-child limit and Benefit Cap, reassesses Universal Credit, restores working age benefit rates and then increases them each year at least in line with inflation, is vital if ethnic minority child poverty, and child poverty overall, is to be reduced.

### **Not mutually exclusive: the case for universalist and targeted policies**

Redressing the imbalance in our welfare state will go a good way to reducing child poverty rates and should be a priority for the current and for any future government. Going forward, high-level tax, spending and policy proposals should take into account their equality impact to avoid the disproportionate impacts we've seen for ethnic minority families, families on low-incomes, disabled people and women.

Currently, budgetary decisions are not assessed for any potential disproportionate impacts on people with protected characteristics or in a low socioeconomic position. The legislation already exists, with the Equality Act and Public Sector Equality Duty (PSED), but stronger levers are needed to make sure these duties are carried out and administered effectively.

Equality Impact assessments (EQIA), when done well, are a useful and commonly used process to demonstrate that a public authority has given 'due regard' to advancing equality of opportunity, which is a requirement under the Public Sector Equality Duty.<sup>14</sup>

But Equality Impact Assessments (EQIA) are no longer a central government requirement. They were scrapped by David Cameron in 2012 as part of the Red Tape Challenge. And on a local level, impact assessments are often carried out by local government only after a policy has been devised.

Detailed, high quality impact assessments need to be mandatory for public spending decisions and all public authorities before policies are implemented, and there should be training for public authority staff in how to administer them.<sup>15</sup>

Further, if a particular policy is deemed so necessary that it must be delivered regardless of differential impact, the potential harm should be mitigated with an alternative policy implemented elsewhere or by tweaking the policy. For example, increasing the work allowance as part of Universal Credit so it does not hurt lone parents more than couples with children.

Beyond welfare, any interventions to tackle child poverty will need to address high housing costs to be effective. Most ethnic minority households are more likely to be in private rented or social housing, with over half of ethnic minority households living in overcrowded accommodation. Investment in children's centres, schools and increased support with childcare should also play a key role.

However, to reduce the child poverty rate for ethnic minority children, targeted interventions will also be needed, particularly in the labour market. Specific policies that tackle ethnic pay penalties, workplace discrimination and unconscious bias, employment rate gaps and low pay for ethnic minority adults will be needed if we are to end disproportionate child poverty rates for ethnic minority children. These should run alongside programmes aimed at characteristics that apply to all ethnic groups, such as socioeconomic disadvantage.

Only by acknowledging the scale of ethnic minority child poverty and implementing specific measures, can we make the difference these children need – to have the same life chances as their white peers.

## **Time to listen to people with lived experience of poverty and bring the socio-economic duty to life**

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### **Introduction**

The socio-economic duty is the missing piece in UK equality legislation. Whilst a wide range of inequalities such as age, gender and race are included, socio-economic status is not covered. Enacting the duty would rectify this. It would create a legal imperative for public authorities to pay 'due regard' to the desirability of reducing inequalities caused by socio-economic disadvantage and poverty in their policy making and budgetary decisions. This would help drive forward better policies and services and ultimately create a fairer society. The socio-economic duty would offer a powerful lever to reduce the damaging gaps associated with poverty that are so harmful to our communities.

To fulfil the duty's potential, it is crucial that the associated guidance on best practice implementation and monitoring is developed in partnership with people who have lived experience of socio-economic disadvantage.

*“People with direct experience of poverty are able to best comment on the difficulties they face. We are skilled and able to gather data, comment on effective ways of working and fully understand the impact of policies on us. Not wanting to be seen as part of the problem, we want the opportunity to feed into effective solutions” – Kath Carter, Thrive*

Merging diverse forms of expertise and collaborating with

people who have lived experience of socio- economic disadvantage will ensure the duty drives forward the transformative approach to policy-making intended by the spirit of the law. It would put socio-economic inequality at the heart of decision making, helping to develop better policies and services and ultimately build a fairer and more equal society.

*'It is now time to re-think how decisions are made and enact the socio-economic duty, developing guidance on best practice implementation and monitoring in partnership with people who have lived experience of socio-economic disadvantage'*  
– Sue, Poverty2Solutions

Had the duty – including the requirement of having lived experience at the heart of its enactment – been in place throughout the design and implementation of Universal Credit, for example, a huge amount of human suffering could have been averted and better social security policy making developed. The same is true for broader changes to benefit entitlements for low income families and decisions that have been made in recent years – which have led to the closure of hundreds of children's centres. These decisions have helped to increase child poverty, and if we seek to end it we need to empower those with the knowledge and we need to create effective policy.

## **1 A powerful tool hidden in plain sight: The socio-economic duty**

Granted Royal Assent weeks before the general election that put an end to the last Labour Government, the Equality Act 2010 brought together a wide array of pieces of legislation into a single instrument to prohibit discrimination on the grounds of 'protected characteristics', namely, age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation (Section 4). The Act also contains a 'public sector equality duty' to 'have due regard' to the need to eliminate unlawful 'discrimination, harassment (and) victimisation', 'advance equality of opportunity' and 'foster good relations' (Section 149).

Socio-economic status is not a protected characteristic in UK law. This means that being rejected because of a socio-economic disadvantage related to the lack of economic and financial means,

education, employment or family connections, because of a health condition, the place of residence or origin, or social class, does not amount to discrimination, unless it is connected to any of the characteristics already recognised in the Equality Act 2010.

Implementing the socio-economic duty would mean that public authorities would have to actively and systematically consider the effects that their most important decisions have on increasing or decreasing material inequalities of outcome stemming from socio-economic disadvantage. The duty would not impose the legal obligation to reduce material inequalities, which some would deem too intrusive in the political arena, but it would constitute a significant step forward in terms of transparency, accountability and evidence-based policy-making at all levels of government. The duty has the potential to redress growing levels of inequality, unite and level up communities who have felt left behind and provide opportunities for a diversity of voices and expertise to be heard and affect change.

All this is conditional (hence, the would) because successive governments after the general election of 2010 have failed to commence the socio-economic duty, that is, they have not yet brought it to life in legal terms, which means that it is not technically binding on public authorities. This means that when developing and enacting major policy and spending decisions, the UK Government and public authorities have no requirement to consider how such decisions could lessen or even worsen the barriers faced by those locked in poverty and on low incomes.

To this day, the socio-economic duty remains one of the few clauses that remain uncommenced from the Equality Act 2010, together with the principle of intersectionality (Section 14) and with the requirement of publication of information about diversity of political party candidates (Section 106).<sup>1</sup>

## **2 The socio-economic duty: A human rights matter**

The UN Committee on the Elimination of Discrimination Against Women has recommended the UK 'bring into force' the socio-economic duty of Section 1 and the principle of intersectionality of Section 14 of the Equality Act 2010.<sup>2</sup> The Committee on Economic, Social and Cultural Rights issued the same recommendation as a means 'to enhance and guarantee full and effective protection

against discrimination in the enjoyment of economic, social and cultural rights.<sup>3</sup> Bringing the socio-economic duty to life would also mean the UK is one step closer to achieving the internationally agreed Sustainable Development Goal No. 10 to reduce inequalities between and within countries.<sup>4</sup>

In an advanced economy like the UK, rising inequalities suggest that the maximum of available resources is not being used towards the progressive realisation of all socio-economic rights, breaching the expectation set out in Article 2(1) of the International Covenant on Economic, Social and Cultural Rights.

If triggered, the socio-economic duty would provide a focus on key strategic decisions, drawing on existing or newly required evidence, to examine how public authorities can help better those who are at greater disadvantage in society. The duty would transparently balance the goal of equality with other legitimate objectives, always within the resources available to public authorities.

The socio-economic duty could have made a difference in the case of Grenfell Tower, for example. Had it been in force, it would have required the Kensington and Chelsea Council to consider whether its policies in relation to council tax, social housing, homelessness and disaster planning were adequate to address the enormous inequalities in the richest and yet also 'the most unequal borough in Britain', as put by the former local MP Emma Dent Coad.<sup>5</sup>

Had the duty been in place throughout the design and implementation of Universal Credit and other measures of the 'welfare reforms' package, a huge amount of human suffering could have been avoided. Tax and social security cuts since 2010 have violated the rights to social security and to an adequate standard of living, in breach of international human rights law.<sup>6</sup> The evidence has made abundantly clear that benefit changes, including the benefit freeze and cap and benefit sanctions, have disproportionately affected people at risk of harm, discrimination, and disadvantage. Had the socio-economic duty been in force, the government would have been unable to demonstrate how austerity policies were compatible with its international human rights obligations.

As observed by the UN Special Rapporteur on Extreme Poverty and Human Rights, Philip Alston, last November, 'the experience of the United Kingdom, especially since 2010, underscores the conclusion that poverty is a political choice.'<sup>7</sup> Ending poverty must be a human

rights priority and rising inequalities are a missed opportunity to end poverty. Not wanting to be denied opportunities to realise their potential, people living in socio-economic disadvantaged areas need the protection to hold the government to account when suffering from adverse policies. Having the recourse to challenge decisions that lead to widening inequality is a fundamental human right.

### **3 Reasons to be cautiously cheerful: Some good practices from local authorities in England**

Section 1 of the Equality Act is technically not binding for public authorities in England, but some councils are showing what the duty could look like in practice. In 2018, Just Fair interviewed 20 council representatives, senior officers and voluntary sector groups in Manchester, Newcastle, Oldham, Wigan, Bristol, York and the London Borough of Islington. Respondents used different frames and agendas to articulate their policies: Fairness, inclusive growth, impact assessment, equality budgeting, economic disadvantage, social exclusion... But all of them were clear that austerity had prompted them to react both because of the way social security reforms were affecting their residents and because of the limitations on local government funding.<sup>8</sup>

All seven councils examined in the research showed a combination of visible leadership, cultural shift, meaningful impact assessments, data transparency, and engagement with residents and the voluntary sector. Just Fair's research shows that it is vital that someone senior, the leader or an executive member of the local authority, champions the council's work, ideally with local cross-party support. The commitment to tackle socio-economic disadvantage must trickle down all levels of decision making to ensure that election results or staff turnover, significantly high in recent years, do not compromise the council's work. A systematic and transparent assessment of the cumulative impact of political decisions is of paramount importance. To be transparent and accountable, data must be available. All seven local authorities use a wide range of data on residents' standard of living as well as a significant number of sources shared with health services and other stakeholders. Finally, residents and organised civil society can be both critical challengers and creators of innovative ideas.

#### **4 Lived experience: The essential ingredient.**

*'Let the hole in democracy be filled with our voices.'*

– Amanda, Poverty2Solutions

Among others, Human Rights Watch, Fawcett Society, Trades Union Congress, the Equality and Human Rights Commission and the Social Mobility Commission have all called for the implementation of the socio-economic duty.

If we are to work together for a fairer society, it is essential that there are opportunities for all stakeholders, including people with lived experience of socio-disadvantage, to assist with the development of an agenda that meets the needs of the whole of the country. People who are directly affected by the issues that lead to rising levels of inequality will evidence their value and prove instrumental in discussions and decision making about developing more socially just and effective policies. Groups with lived experiences have the ability to offer knowledge and expertise and there is scope to form collaborative partnerships to affect change, creating a brighter future for children and ensuring opportunities to realise their potential are made available.

Poverty2Solutions has joined organisations including those named above in supporting the commencement and implementation of the socio-economic duty, which is the central ask of their Do Your Duty for Equality campaign<sup>9</sup>. Poverty2Solutions is a coalition of three groups of people with lived experience of poverty; ATD Fourth World (London), Dole Animators (Leeds) and Thrive Teesside (Teesside). The coalition have been working together since 2017 and over the past year have been developing a concrete ask that best meets their objectives of ensuring that the voices and experiences people in poverty are better represented and considered in policy making and associated debates. Through a process of active participation, the groups reached the conclusion that the socio-economic duty is a key policy, whose implementation could help start processes of addressing the causes and consequences of poverty and inequality, and increasing the participation of experts by experience on poverty.

To ensure the duty has the transformative approach intended by the spirit of the Equality Act 2010, it is crucial that guidance



on best practice implementation and monitoring is developed in partnership with people who have lived experience of socio-economic disadvantage, experts by experience.

Simply passing the duty into law will not in itself lead to better policy-making and fairer outcomes. This would simply be the first step in a longer and more ambitious journey. It is vital to ensure the duty drives forward a transformative approach to policy-making, and is not reduced to a box-ticking exercise. Develop implementation guidance in partnership with people who have lived experience of socio-economic disadvantage would maximise the symbolic value of the duty. It would recognise that the voices and perspectives of people living in poverty matter.

The socio-economic duty has been in force in Scotland since April 2018 under the name 'Fairer Scotland Duty'. We welcome the tone of the guidance issued by the Scottish Government, which is more inclusive of voices of people with lived experience of poverty than Section 1 itself: 'It will be important to involve relevant communities, particularly people with direct experience of poverty and disadvantage. Note too that the costs of involving some groups – for example, disabled people – can often be higher, as barriers to their participation need to be overcome.'<sup>10</sup>

*'It is now time to rethink how decisions are made; enacting the socio-economic duty alongside developing best practice guidance give us a wonderful opportunity to work together in a true partnership for the good of all.'*

– Sue, Poverty2Solutions

A substantive and formal process of engagement would be needed to develop guidance in partnership with people with lived experience. Here, the UK government could learn lessons from the ground-breaking work of the Scottish Government and their experience panels, which have seen social security claimants help shape the development, implementation and monitoring of the Scottish social security system.

Drawing on their own experiences, Poverty2Solutions have developed some core principles that should inform partnership work on developing the duty and associated guidance. These include:

Recognising that the knowledge about how best to enact the

socio-economic duty is also held by those in communities who have lived experience of socio-economic disadvantage.

Understanding that meaningful involvement is not about gathering a thousand stories, but about understanding the collective experience, truthfully represented.

Knowing that real success comes when there is a bringing together of different types of expertise (lived experience and other expertise such as statistical analysis or policy knowledge) through collaboration and co-production.

If we're going to end child poverty – or other poverty and social injustice – we need a cultural shift so that policy is not done to, but rather with communities who have lived experience. Enacting the socio-economic duty is the right starting point.

*'Our voice means something, and we have the knowledge, skills and abilities that should inform the debates that lead to policies that have a major impact on our lives.'*  
– Kathleen, Poverty2Solutions

## **Common People Inequality of Opportunity in the Labour Market: The Close Parallels between Class, Gender and Race and the Potential for Employment Audits to Challenge it**

**Paul Gregg** is Professor of Economic and Social Policy at the University of Bath, **Lindsey Macmillan** is Professor of Economics at UCL Institute of Education, and **Sam Friedman** is Associate Professor of Sociology at London School of Economics

### **Introduction**

Commentators, politicians, and wider society have long discussed inequalities between different groups within society: inequalities by gender, race and class background (or social mobility). Each of these reflect differences between people at birth, and hence are beyond their control, that have a huge bearing on life chances. These are the big three dimensions of inequality of opportunity.

Inequalities of opportunity affect a wide array of outcomes such as life expectancy, life satisfaction and suicide, divorce and relationship breakdown or being a victim of crime. Here we focus on the evidence and policy implications around economic opportunities: the kind of work that people do and their pay, though this will also connect to issues such as job security and having an occupational pension. The central argument is that inequalities in economic opportunities (given educational attainment) are very similar in all three cases. Educational achievement raises your likely earnings as an individual but does not create a level playing field. Being a woman, from an ethnic minority or being born into a working class family all result in lower pay compared to peers with the same educational achievement. Further, these unfair disadvantages are cumulative. Being both working class and female or from an ethnic minority leads to dual disadvantages.

Educational attainment is a larger factor in inequalities of opportunity by class background than it is for gender and race inequalities, and educational opportunities of more deprived children

are widely discussed by policy makers and others. What receives far less attention is that what is happening after completing education in the labour market. Large inequalities in opportunities exist when we consider people with the same levels of education across all three of these domains of inequality of opportunity. Furthermore, there is growing evidence that the bulk of these pay gaps exist even within given occupations. The commonality of these problems highlights that joint policy responses are needed, as well as highlighting the limitation of trying to explain these gaps through individual choices or personality differences.

The commonality also highlights that to a large degree these inequalities of opportunity reflect (probably unconscious) labour market discrimination. In Britain, if you want to earn more the most important thing, alongside getting a good education, is being born white, male and with middle class parents.

### **Class, Race and Gender Pay Gaps**

Being born male results in a shade under 20% higher hourly earnings over a person's lifetime and even larger differences in pensions on retirement. The widely cited 12% gender pay gap figure is for full-time employees only and hence excludes part-time workers who are largely women and lower paid<sup>1</sup>. Research shows that there is a gender pay gap for all women, and an additional family (or motherhood) pay gap that is associated with having some time out of work beyond maternity leave and/or working part-time<sup>2</sup>. Women who work full-time after maternity leave are disproportionately well educated, meaning that when part-time workers are included, the hourly pay gap increases further, reflecting both the inclusion of more less well educated women and the 'motherhood penalty'.

Raw pay differences between being born white compared with being born Black, Asian or other minority ethnic group (BAME) are smaller, at 3%, but this doesn't take account of the disproportionate number of BAME people who work in London with its higher pay and housing costs. After adjusting for the London effect, pay differences between the white majority and BAME minorities are around 13% (column 1 of Table 1).

The Labour Force Survey (LFS) now asks questions about survey members' parents' occupation when they were aged 14, as

well their own occupation, pay, gender, ethnicity, among a wider range of other characteristics. This enables the calculation of a childhood class pay gap to match the widely known gender pay gap, and perhaps less well-known ethnicity pay gap. This analysis suggests that being born into a working class family sees pay gaps in the LFS of around 31% for people age 25-60.

Alternatively, we can measure family origins by income of your family when you were aged between 10 and 16 in the British Cohort Study (BCS). This follows all children born in a week in April 1970 and has tracked their family origins, education, labour market outcomes, family circumstances and health ever since. In this data, dividing children into thirds by family income from childhood, those born in the poorest third have earnings at age 40 that are 50% below those born to the richest third. Pay gaps by family origin are a bit larger when family income is used instead of family class. Unless these inequalities of opportunity change, many of the children who are living in poverty today can expect similar economic disadvantages to follow them throughout life.

Table 1 Pay Gaps by Gender, Ethnicity and Class Origin (2014-2018), ages 25-60

Characteristics at Birth	Given Same Region	Given same region and education level	Given same education level, region and part-/full-timer status
Women compared to men	-21%	-21%	-15%
Ethnicity (BAME) compared to white	-13%	-15%	-14%
Class (working class vs professional or managerial)	-31%	-16%	-16%

Source Labour Force Survey

## **The role of education**

When considering children born into working class or less affluent families, commentators and politicians often associate inequality of opportunity with education. As a result, attention has been focused on using education policy to tackle the class pay gap. It is therefore crucial to distinguish between those inequalities that

emerge prior to entry in the labour market (principally during education) and those that relate to the labour market itself. While the distinction is not always clear – the knowledge of earning inequalities between graduates from working and middle class families will influence some young people's desire to go to university – it is nevertheless helpful. Roll back 40 years and discussions of gender and ethnicity pay gaps would have also started with differences in educational attainment across these groups. But now women are slightly better educated than men and – perhaps less widely appreciated – BAME groups are now substantially better educated than the white population.

When we consider people with the same education, the gender pay gap remains 21% and the ethnicity pay gap rises from 13 to 15%. The class pay gap diminishes to 16%, suggesting that around half the class pay gap reflects education and half emerges in the labour market given attainment. This is in line with other studies looking at pay gaps within educational attainment groups, such as graduates where details of educational achievement are far more detailed. The 1970 Birth Cohort Study shows that men from the poorest third of families earned 36% less at age 38-42 compared to for those from higher income families. Of those who went to university, the pay gap is still 31%. This makes very clear access to university does not equalise opportunity. When we consider graduates from the same course at the same university – even when they have Masters degrees – the earning gap between those from more and less affluent families is still 15%<sup>3</sup>. Jerrim and Macmillan<sup>4</sup> use internationally comparable OECD PIAAC data to show how Britain's poor performance on social mobility compared to other countries stems from this class pay gap for people with the same educational achievement rather than greater educational inequalities.

The final column in Table 1 controls for lower hourly pay in part-time jobs. Part-time jobs pay lower wages for similar workers and many are held by mothers but there is also part-time working amongst those close to retirement age and students. Distinguishing between the part-time pay penalty and the penalty for women as a whole brings the gender pay gap very much into line with the class and race pay gaps in hourly earnings. So there are clear and remarkably similar inequalities of opportunity occurring in the labour market after leaving education. Countries that do better than us in creating more equality of opportunity do so in the labour market rather than the lecture theatre.

Only the gender pay gap data allows us to look at how things have moved over a long span of history, with a steady closing of gender pay gaps. This has reflected the ending of educational differences between men and women and fewer women having career breaks after having children as a result of maternity leave and equal pay legislation. Meanwhile, the underlying pay gap for the same level of education and the part-time pay penalty have been more resistant to change, although minimum wages have made a difference.

## **Double Disadvantage**

Comparing the Class Pay Gap to gender and ethnic pay gaps can imply that these factors work in isolation from each other. However, people are the sum of multiple social characteristics that intersect to make up their identities. Significantly, these intersecting forms of disadvantage or advantage play out clearly in Britain's top jobs. For example, Friedman and Laurison in *The Class Ceiling* find that working-class origin women in professional/managerial jobs are at a double disadvantage – they earn on average £7,500 less per year than women with middle-class family backgrounds, who in turn earn £11,500 less than middle-class origin men. This means that the pay gap between the most advantaged men and the least advantaged women works out to a somewhat staggering 60% within high status jobs. Moreover, what is particularly striking about this pay gap is that it is about £2,000 a year higher than if we just added the class and gender pay gap together. This suggests that the penalties associated with being from a working-class background and being a woman are more than additive. This chimes strongly with an extensive body of qualitative research that has explored the ways in which upward mobility is often particularly difficult for women. Friedman and Laurison in *The Class Ceiling* also report double disadvantages for some minority ethnic groups who have experienced upward social mobility. Two things are worth noting here. First, there are Class Pay Gaps within every ethnic group in the UK. Second, many people in top jobs appear to be penalised both for their ethnicity and class background. Black British individuals from working-class backgrounds, for example, earn on average about £6,000 less than Black British colleagues from privileged backgrounds, and over £11,000 less than privileged-origin white people.

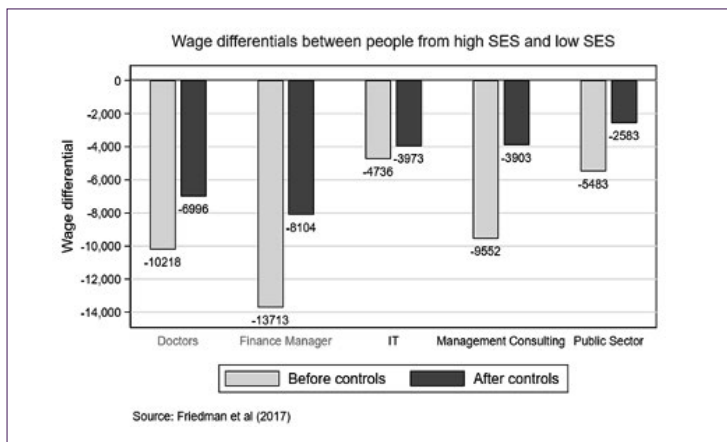
## The Class Ceiling

The story so far has broadly been comparing people with the same educational level. Here we start to look at the role of occupations. Focussing first on the top of the earnings ladder, it is worth differentiating between access to top professions and progression within them. 27% of recent university graduates from lower social backgrounds enter top professions compared to 32% of students from more advantaged backgrounds.<sup>5</sup> Even after controlling for university attended and subject studied, students from higher social backgrounds are more likely to enter an elite job. Among the professions, law, medicine, economics and academia are more heavily dominated by people from advantaged backgrounds whereas access to the technical professions such as engineering and IT opportunities is more equal<sup>6</sup>. As might also be expected among top jobs, those from more affluent families earn more, even where people have attended the same course at the same university. If a person from a more deprived background enters a high-paid profession, they face a Class Ceiling as they are paid less than a person with greater class advantages in the same occupation. This is likely to reflect differences in access to the higher paying employers within a profession, and slower rates of promotion. Figure 2 shows that, after controlling for characteristics such as age, race and gender, there are statistically significant differences between the wages of people with different class backgrounds in many professions. For example, a doctor from a working class family will earn £6,996 per year less than a doctor from a more privileged family with the same age, gender, ethnicity and education. These are, then, class pay gaps within professional occupations.

Table 2 extends this to compare across gender, race and class background. The pay gap in top (professional and managerial) jobs is marked for all three dimensions considered but largest for gender. Note also that in this data most women are full-time and so part-time working makes no contribution to the gender pay gap. As already mentioned access to top jobs also matters. So the final column in Table 2 reports the gap in the proportions of graduates in professional and managerial jobs. As with pay penalties, access barriers are very similar across race, gender, and class.



Figure 1: The Class Pay Gap in occupations



Source: Friedman S, Laurison D and Macmillan L (2017) 'Social mobility, the class pay gap and intergenerational worklessness: New insights from the UK Labour Force Survey' Social Mobility Commission Papers

Table 2 Pay and Access Gaps by Gender, Ethnicity and Class Origin in Professional and Managerial Jobs (2014-2018), age 25-60, Source Labour Force Survey

	Given Same Region	Given same education level full-part-time status and region	Gaps in Proportion of Graduates in Professional and Managerial Jobs
Women	-18%	-19%	-7%
Ethnicity (BAME)	-7%	-10%	-10%
Social Class at Age 14 (low vs high)	-17%	-11%	-11%

Looking at routine and manual jobs the pay gaps are much larger for women than by ethnicity and class origin, most likely reflecting the concentration of women in very low paying sectors such as child and social care, retail and hospitality. Over-representation in lower status and paying occupations is much more important for class origin disadvantage than the pay penalty within each occupation.

Furthermore, those growing up in jobless families are more likely to be jobless themselves, but only when local unemployment is

high. When work disappears from a locality it is those from deprived families who lose out first<sup>7</sup>. A mediating factor here is early work experience. Those who spend significant amount of time as a NEET before age 25 are highly likely to be trapped in low-paid employment and suffer job loss<sup>8</sup>. There has been an increased focus recently on precarious work. Gregg et al.<sup>9</sup> recently showed how individuals from working class families were more likely to be in unstable low paid employment sometimes called the low-pay no-pay cycle. More likely to be on precarious employment contracts (temporary or agency working), zero hours contracts and low-skilled self-employment. These contract forms offer flexibility to both the firm and worker if there is an equality of power in any decision. However, there is no obvious reason why those born into poorer families would desire more flexible working. Such contracts are desired by some workers, but many accept them through lack of choice.

### **Why do these Inequalities in Opportunities Occur?**

There are a range of reasons why people born less privileged (whether by race, gender or family circumstance) earn less than their peers with the same levels of education. For family origins it could be attributed to the use of family networks or greater financial resources allowing people to take up unpaid internships or move to London where pay is higher (though the pay gap is largely independent of region). As with the more substantive research on gender, it is highly likely all groups are in lower paying firms within any occupation or sector. For graduates, we know leading firms target applicants from a narrow range of universities. It is likely then that top firms all tend to recruit from the same small pool of talent, but even then disproportionately select candidates from more privileged backgrounds for recruitment. Those from more privileged backgrounds (all 3 domains) may present better at interview or their privilege makes them more ambitious in the jobs applied for. Pushy white men from very affluent backgrounds securing the top jobs in the country is only too apparent right now.

Friedman and Laurison's *The Class Ceiling* also describes the power of sponsorship ties to career progression. This process is simple; a senior leader identifies a junior protégé and then, often operating beneath formal processes, is able to fast-track their career by brokering job opportunities, allocating valuable work, or advocating

on their behalf. And while this is often presented as innocent talent spotting, Friedman and Laurison also find that sponsor relationships are rarely established on the basis of work performance. Instead, they are almost always forged, in the first instance, through a sense of class-cultural affinity – shared humour, taste or lifestyle (and on the golf course). Finally, they explain the importance of dominant behavioural codes that prevail in elite occupations. Such codes illustrate, Friedman and Laurison argue, how the self-presentational baggage of a privileged class origin is frequently misrecognised in elite occupations as a marker of a person's talent, ability or potential. That Britain's labour market advances privilege, beyond reflecting education, is very apparent within occupations and similar across gender, ethnicity and family background, strongly suggests that there is bias in recruitment and promotion.

### **Policy agenda**

Policy makers have made successive attempts to address the gender pay through legislation that both prohibits discrimination (equal pay for equal work) and provides support for women maintaining contact with firms and the labour market in general such as maternity (and paternity) leave, maternity pay and childcare support. More recently, forcing firms to publish their gender pay gaps has focussed minds again on why so few women reach the highest-paid roles. The former Prime Minister recently proposed that pay gaps by ethnicity in large firms should also be published. However, when policymakers think about social disadvantage they tend to start with education – and all too often stop there. Education is seen as the key policy lever but, as shown here, this can only address half the problem. Countries that have more equal life chances do much better in terms of getting people with the same education the same earnings, whatever their gender, race and class origins.

In order to tackle such differentials and ensure equal opportunity in access to professions, it is important for the government to initiate more schemes like the Social Mobility Business Compact<sup>10</sup>, which asks its signatories to commit to actions that improve the opportunities of people from low socioeconomic status. Many firms are waking up to this challenge because it enables them to find talent and that is good for their business. If all employers recruit from the same small pool of

graduates who have attended elite universities, talent is missed and those selected from the pool receive elevated pay.

Most recruiters now collect data on social background, as well as gender and ethnicity. Moving to also ask firms to assess their Ethnicity and Class Pay Gaps, alongside that for gender would be an obvious next step. However, unlike gender and ethnicity there is a big contribution to the Class Pay Gap that reflects education. So more nuanced information is required. All of these pay gaps need to be addressed through more than just an average pay gap in the firm – this would create perverse incentives to stop recruiting lower paid workers, rather than opening up access to higher paid roles to close the gap.

There are a number of logical next steps to get firms to assess the consequences of their recruitment, promotion practices and also potentially staff quitting decisions. Large firms should be required to undertake Employment Audits of the workforce data, which they all hold. Such audits would assess the applicant pool for jobs, interview selection and job offers, alongside promotion decisions. Many firms also have staff appraisal information of job performance, whilst some also undertake testing of staff capabilities before the interview stage.

Even internal scrutiny can explore how recruitment and promotion practices can lead to a narrow range of applicants and selection biases. Such analysis is essential to gauge which practices need to be reformed and what good practice looks like. Best practice in terms of access for those from more deprived families is laid out by the Social Mobility Foundation<sup>11</sup>.

The crucial next steps in tackling bias would be requiring large firms to engage in an independent audit of recruitment and promotion practices, not just an internal assessment, and widening the set of information that is placed in the public domain. This could start with measures of applicants, interviewees and hires by gender, race and class background. Finally, after a period where these become standard practice, more standardised, and thus more comparable, there should be publication of such audits. Allowing firms a period of internal scrutiny of the data prior to more public steps allows firms a period to get their house in order and challenge themselves, which in itself would be a powerful engine of change. But the expectation of future public scrutiny of bias, even discrimination, would give the internal process greater urgency.

# Endnotes

## Why we need a child poverty strategy

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## Tackling child poverty by improving pay and working conditions

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### **A grand redesign of our housing system can unlock thousands of children from poverty**

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