



The Social Protection Committee

SPPM THEMATIC REVIEWS ON THE 2012 SOCIAL TRENDS TO WATCH

Child poverty and social exclusion: investing in
children and their well-being¹

¹ SPC (2014). Social Europe – Many ways, one objective - Report of the Social Protection Committee
<http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7695&type=2&furtherPubs=yes>

1. Introduction

Europe's social and economic future greatly depends on its capacity to break the transmission of disadvantage across generations. Recent years have seen a partly dramatic increase in child poverty.

Children growing-up in poverty and social exclusion are less likely than their better-off peers to do well in school, enjoy good health and realise their full potential. Research evidence shows that children born into severe poverty are disproportionately exposed to factors that impede their psycho-motor development, socio-economic growth and cognitive processes. Significant differences in cognitive outcomes between children from disadvantaged backgrounds and children growing up in more favourable conditions exist already at age five.² When linked with deprived, neglectful or low education family backgrounds, poverty becomes the single greatest barrier to educational achievement,³ affecting career prospects and increasing the likelihood that children from disadvantaged backgrounds become disadvantaged adults. 68.9% of adults declaring difficulties to make ends meet faced similar situations in their childhood⁴. There is also much evidence that the socioeconomic status of a child is a good predictor of adult health: growing up a disadvantaged environment can have a long-lasting negative impact on health, which is barely undone by upward social mobility⁵.

Reducing child poverty and breaking the transmission of disadvantage across generations implies investing early on by developing integrated strategies focused on children and families, combining prevention and support, seeking both to enhance the development and well-being of all children and to specifically improve the situation of the most vulnerable. It also has to take into account changing family patterns with an overall increase of single parent families, who face specific economic vulnerability.

Child poverty and the transmission of disadvantage across generations produce significant costs not only for those concerned, but also for society as a whole. It is broadly acknowledged that public expenditure linked to mitigating the adverse effects of poverty and social exclusion at an

² Bradbury et al. (2011); Geoffroy & al., 2010, Dearing and al., 2009, Hansen& Hawkes, 2009. A \$1,000 increase in income raises combined math and reading test scores by 6% of a standard deviation in the short-run. Test gains are larger for children from disadvantaged families and are robust to a variety of alternative specifications. G. Dahl (2006) The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit

³ J. Bennet (2012), Early childhood education and care (ECEC) for children from disadvantaged backgrounds: Findings from a European literature review and two case studies. Study commissioned by the European Commission, available at: http://ec.europa.eu/education/more-information/doc/ecec/report_en.pdf

⁴ Eurostat, *Statistics in focus 27/2013*

⁵ European Commission, 2012

early age would be lower than those of dealing with the consequences of childhood poverty across a persons' life-span.⁶

Especially in time of crisis, the cost-effectiveness of policies needs to be further enhanced, whereby two factors can play a major role:

- **Stronger focus on early childhood years:** The early mastery of a range of cognitive, social, and emotional competencies makes learning at later ages more efficient, easier and more likely to continue; it also contributes to better health and psycho-social benefits. The highest rate of return to human capital investment is found in early childhood years,⁷ and yet public expenditure is typically lowest for this age group.⁸
- **Refining policy design:** The approach found in countries with lower levels or decreasing levels of child poverty and social exclusion are embedded in a wider system that addresses poverty, social exclusion and inequality more generally. This entails several broad policy instruments – supporting the labour market participation of (both) parents, supporting wages and income (including through effective tax and social protection systems), and ensuring access to services utilised by families.

This document gives an overview of the main facts and figures as well as policy challenges and approaches related to the tackling of child poverty and social exclusion in Europe. It also presents the main findings of in-depth thematic review on child poverty and social exclusion conducted by the SPC on 19.12.2013.

Children (defined here as persons below the age of 18) are more exposed to the risk of poverty or social exclusion than the overall population with a rate of 28% against 24.8% for EU28 in 2012, and highest rates are in BG (52.3%), RO (52.2%), HU (40.9%) and LV (40%). The lowest rates between 15% and 17% are found in FI, DK, SI and NL.

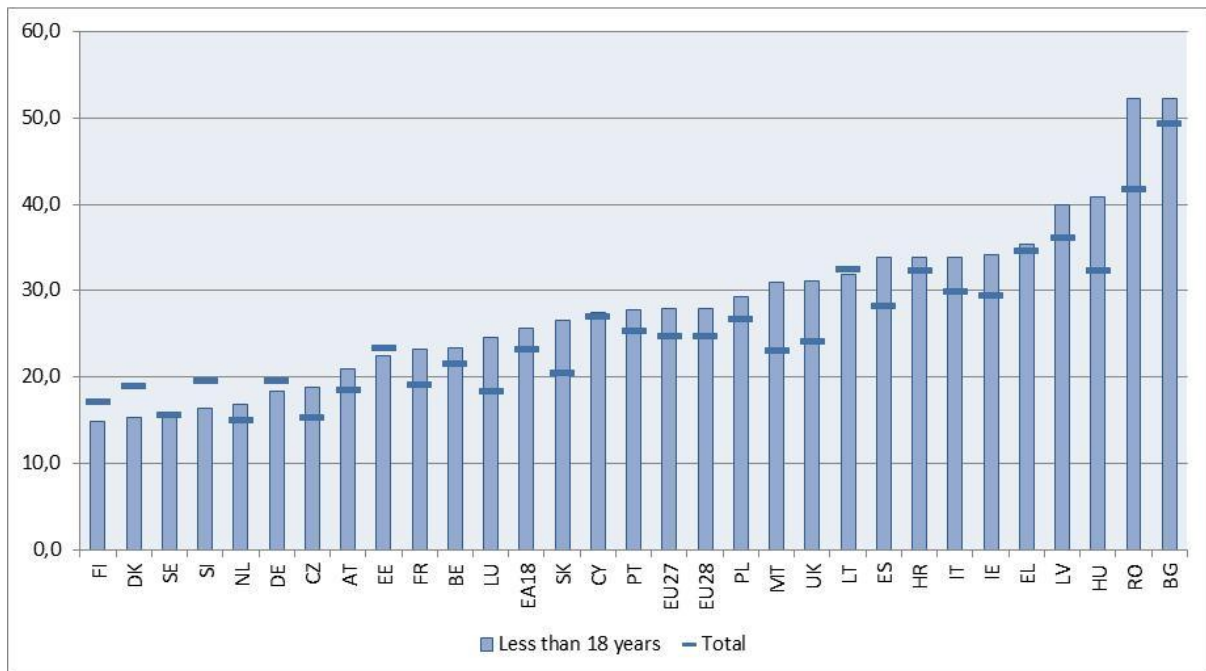
Only in five Member States are children less at risk of poverty or social exclusion than the total population (DK, SI, FI, DE and EE).

⁶ Providing an exact estimation of such costs appears challenging. However, a 2008 UK study highlighted that, in the longer term, about £13 billion might be gained yearly from ending child poverty, through economies linked to the direct costs of services to remedy the consequences of childhood deprivation such as poor health, low educational attainment, crime and anti-social behaviour. Hirsch, 2008; Estimating the costs of child poverty. Joseph Rowntree Foundation.

⁷ Heckman, 2008, *The case for investing in disadvantaged young children*.

⁸ Presentation given to World Bank on Benefits of Early Child Development Programme by Jacques van der Gaag (2004). See SPC Report 2012, Tackling and preventing child poverty, promoting child wellbeing.

Figure 1. People at risk of poverty or social exclusion (AROPE), children (0-17) and total population, %, 2012

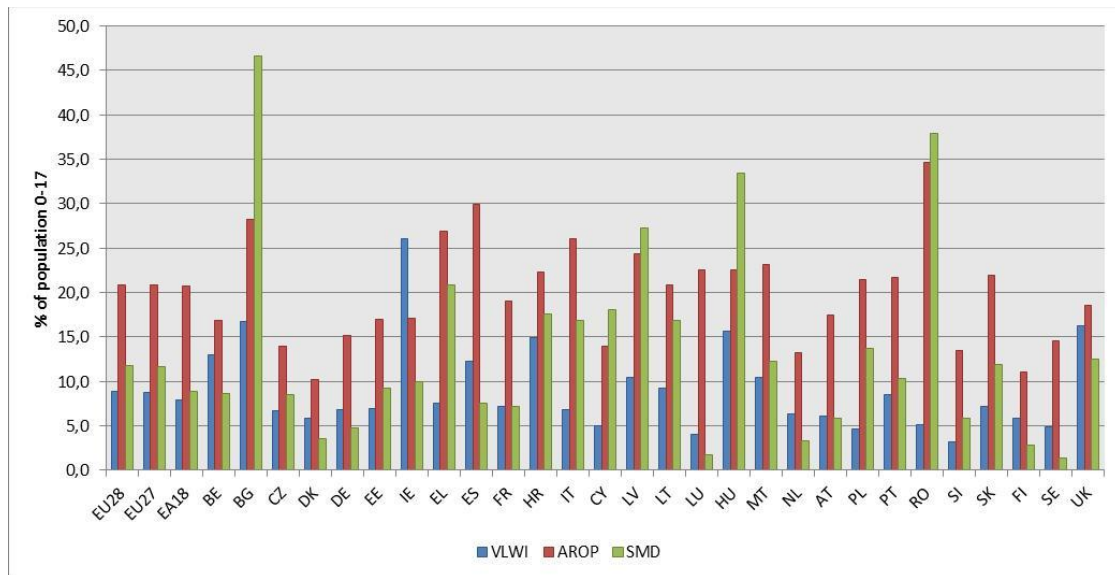


Source Eurostat (EU-SILC)

Note: 2011 data for IE

In 2012 the at-risk-of-poverty rate among children (defined as the proportion of children living in households with an income lower than 60% of the median equivalised national income) varies significantly across Member States, from 10.2% in DK, 11.1% in FI, 13.2% in NL and 13.5% in SI up to 34.6% in RO, 29.9% in ES, 28.2% in BG and 26.9% in EL.

Figure 2. Children at-risk-of-poverty rate, severe material deprivation rate and share living in (quasi-) jobless households



Source: Eurostat (EU-SILC)

The **labour market situation of parents** is evidently one the most important determinant of the material situation in which children grow up. Yet 9% of children in the EU live in (quasi-) jobless households, ranging from 3.2% in Slovenia and 4% in Luxembourg to 25,9% in IE, 16,6% in BG, 15.7% in HU and 14.9% in HR.

The rate of children in **severely materially deprived** households varies from 1.3% in SE to as much as 46.6% in BG and 37.9% in RO against an EU average of 11.7%.

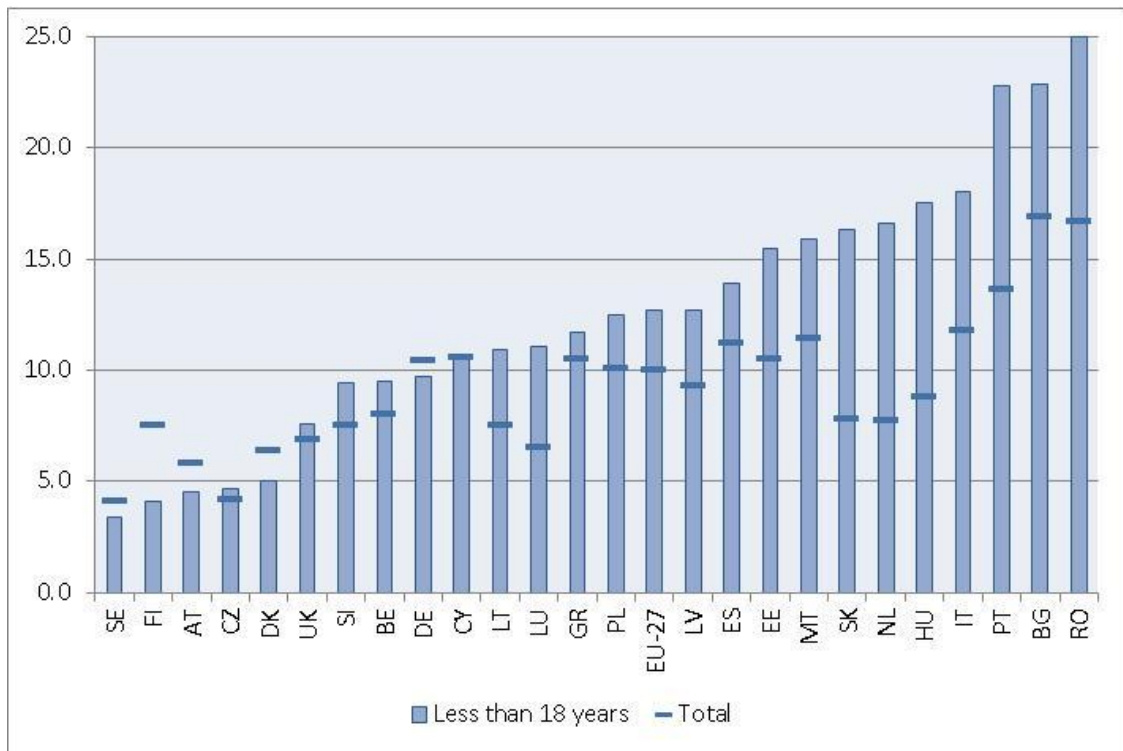
Where has child poverty increased most?

Since the beginning of the crisis the highest increase in child poverty was recorded in BG, RO, HU, LV, EL, MT and IT. Even though BG recorded a stabilising trend between 2011 and 2012 and LV decreasing share in AROPE for the same period (-4,1 pp), the 7 MS remain with the highest AROPE for children in 2012.

How long do children live in poverty?

More than 20% of children in RO, BG and PT are at persistent risk of poverty, i.e. are poor today and have been poor in at least 2 of the previous 3 years. On the other end of the spectrum are countries like SE, FI, AT, CZ and DK where this is the case for only around 5%. In a number of MS, children have a higher or much higher risk of being in persistent poverty than the overall population. This is especially the case in SK, NL, HU, PT. Only in FI, AT, SE, CZ and DK, children seem to be more protected against long periods in poverty risk than the total population

Figure 3. Persistent at-risk-of-poverty rate for children, 2011



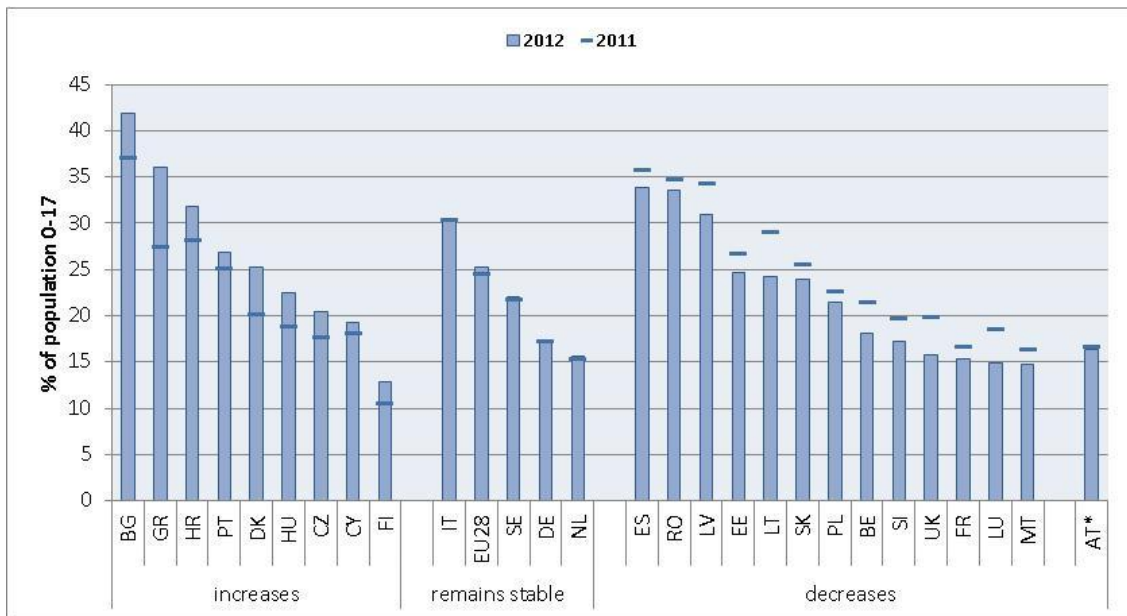
Source: Eurostat, EU-SILC

Note: no 2011 data for IE and FR

How deep is child poverty and social exclusion in Europe?

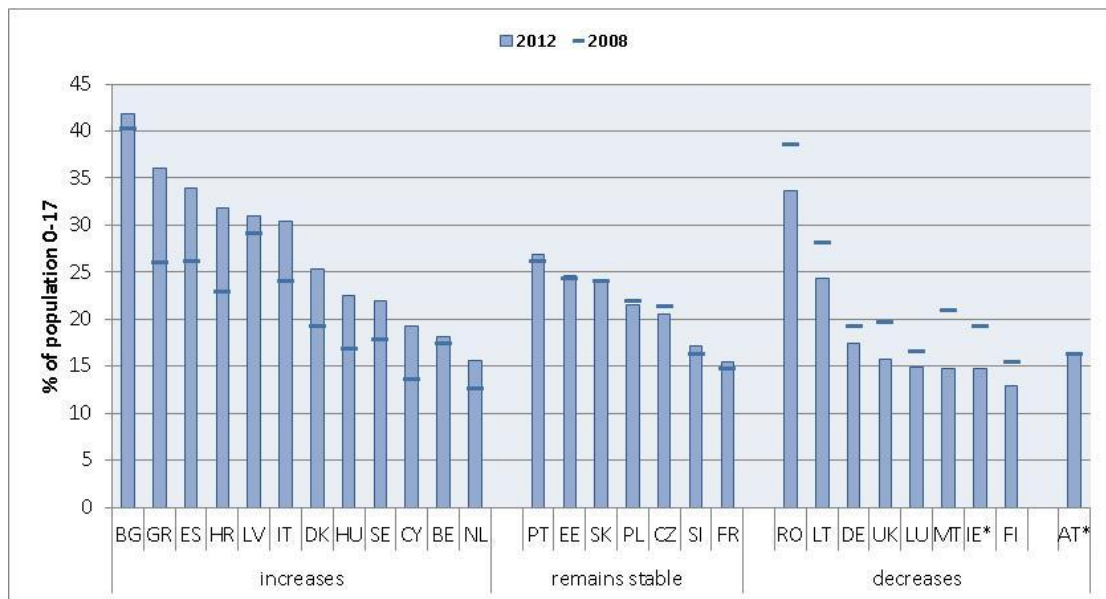
The poverty gap, one measure of the depth of poverty, indicates the extent to which the situation of children at risk of poverty falls below the poverty threshold on average. In policy terms, it indicates the scale of transfers which would be necessary to bring the incomes of those concerned up to the poverty threshold. The poverty gap for children in the EU28 in 2012 was 25.2% lower than the at-risk-of-poverty threshold. This is up by 1.6 pp since 2008 and stable since 2011. The child poverty gap in the EU28 countries varies between 12.9% (FI) to more than 30% (HR, EL, BG, ES, RO and LV) in 2012.

Figure 4. Relative median at-risk-of-poverty gap for children, 2011-2012



Source: Eurostat, EU-SILC

Figure 5. Relative median at-risk-of-poverty gap for children, 2008-2012



Source: Eurostat, EU-SILC

Note: i) 2011 data used for IE, ii) AT has changed the source for income from survey to administrative data. As a result, income related indicators and by definition the target indicator suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008. AT will be able to provide a comprehensive back-calculation of the timeline until the base year 2008 at the end of 2014 iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; iv) Provisional data for BE does not allow for reliable assessment of evolutions; v)

2. Main drivers, challenges, evidence-based policies and good practices

In order to be effective policies aimed at addressing child poverty and break the transmission of disadvantage need to be embedded in a wider policy approach that addresses poverty and social exclusion more generally. This entails several broad policy instruments – supporting the labour market participation of preferably both parents, supporting wages and income, and ensuring access to services utilised by families.

The most common approach found in countries with lower levels or decreasing levels of child poverty consists of redistributive policies which ensure that parents have an adequate income, either through accessing decent jobs or through adequate income support. The systems typically aim to redistribute wealth fairly through effective tax and social protection systems, and ensure access to good-quality services and opportunities to the majority of children and their families.

Access to adequate resources

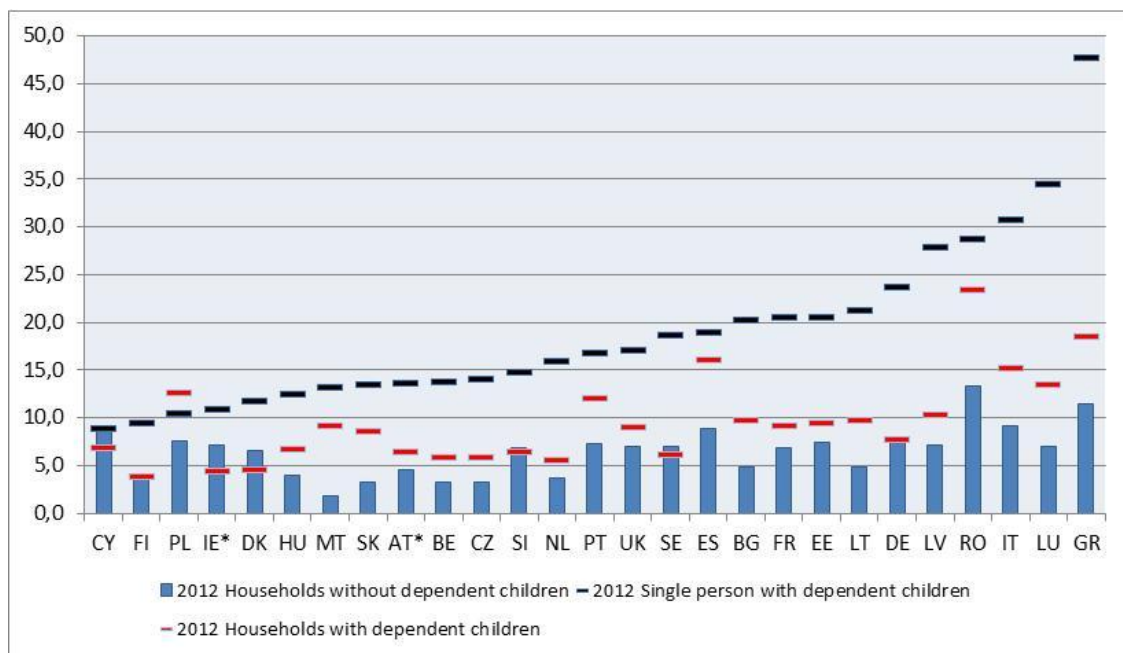
Parents' participation in the labour market

Quality parental employment is the main safeguard against child poverty. Household composition and the combined employment participation of all adults in the household contribute to the income situation and living standards.

Overall, in most Member States people in households with dependent children are much more likely to be **working poor** than households without. Compared to a childless household with two adults, a two adult household with two children cost about 40% more⁹. Only in CY, IE, DK and SE this is not the case. CY is also the only MS where working households (with dependent children) are *less* at-risk of poverty (6.8% in 2012) compared to households without dependent children (9.2% in 2012), highlighting a social protection system which is especially tailored to protect households with children.

⁹ The needs of a household grow with each additional member but – due to economies of scale in consumption – not in a proportional way. With the help of *equivalence scales* each household type in the population is assigned a value in proportion to its needs. The 40% is calculated using an equivalence scale of 1.5 for two adults without children and 2.1 for two adults with two children.

Figure 6. In-work poverty risk for different household types, 2012



Source: Eurostat, EU-SILC

Note: no 2012 data for BE, AT, IE and UK

Lone parents and their children are particularly exposed to higher risk of (in-work) poverty and need targeted support, which appear as a particular challenge in EL, LU, IT, RO, LV, DE and LT. In Greece, close to 50% of working lone parents are at risk of poverty. In RO working lone parents (28.7%) and households with dependent children (23.4%) are facing almost equal risk of poverty, comparing to a much lower rate for households without dependent children (13.4%). Similar trends are observed in ES.

Besides this, the **work intensity within the household** plays a determining role. In most countries, the one breadwinner family model no longer protects against poverty. The risk of poverty for individuals in households with low to medium work intensity ranges between 15 % and 50 % (European Commission, 2012). Families with dual earner couples are less likely to be at risk of poverty.

In this context, work intensity within the household can be strongly influenced by **disincentives** resulting from a trade-off between the expected earnings, the taxes to be paid due to the increase in gains, and the reduction of tax credits and welfare entitlements: the combination of these parameters (called the effective marginal tax rate) might make the uptake of work or an increase in hours not worthwhile. This shows how making work pay requires looking at the **design and integration of tax and benefits systems**. A steep effective marginal tax rate can result in unemployment or inactivity traps. To counteract such traps, some Member States have, for instance, adopted measures to reduce the tax wedge (a combination of direct labour taxation plus social security contributions) on lower wages, raise minimum wages, offer in-work benefits (see

box below on Earned income tax credit), and/or they have reviewed the design of out-of-work benefits, including social assistance.¹⁰

For parents, the **cost of childcare** acts as an additional major barrier to work and can be particularly influential in the determination of the net income gains for second earner.¹¹ In BG, CZ, IE, LV, LT, MT and SI for instance, lone parents with low prospective wages are financially better off staying at home and caring for their children themselves. Inactivity traps also exist in countries where childcare is much more affordable for low wage lone parents, such as in the CZ and SI, where they can be imputed as well to the articulation between in and out of work benefits.

Many countries with low levels of joblessness (LU, SI, FI, AT, NL, SE, CY) and several with medium levels (CZ, DK, MT, DE, IT, PL, PT, EE) have given significant attention to policies to make work pay for parents and avoid inactivity traps. In LU, a high share of working single parents and a decrease of low work intensity in single parents households have been achieved in particular by improving availability and affordability of childcare services (through high investment in supply and childcare vouchers and reduced fees for families at risk of poverty), in combination with investment in education for the low skilled. In many of the countries with high (SK, FR, LV, HR, RO, BE) or very high (LT, EL, ES, HU, UK, BG, IE) levels of joblessness, making work pay for parents remains an important challenge to be addressed¹². LV has addressed disincentives to work for parents by introducing from 2014 a right to work and receive childcare and parental benefits simultaneously.

Earned income tax credit (EITC)

One way to support low wage earning parents is through the so-called **earned income (or working) tax credit** (EITC/WTC).¹³ This approach brings together the need to boost the incomes of low-earning households while at the same time promoting employment by able working-aged

¹⁰ See also European Commission (2009) 'Recent reforms of the tax and benefit systems in the framework of flexicurity' European Economy Occasional Papers 43, Feb 2009.

¹¹ An OECD study (OECD, 2011) shows that across all countries net childcare costs are a critical factor for parents' employment decisions. Compared to a no childcare scenario, the financial reward from employment is substantially reduced by childcare costs. At low earnings levels, childcare costs reduce the returns to lone parents by as much as 40 % and for second earners by up to 50 %. The study also demonstrates weak work incentives over a significant part of the female full time earnings distribution. Before childcare is considered, many mothers of young children working full time are unable to increase their family income by even 50%. Even those working full time at the median wage achieve only a 50% increase. When childcare costs are included median earning mothers across the EU countries manage to increase their family income by only 40 %. A single mother has to command a full time wage in the top 40 % of the earning distribution and a second earner must be able to earn a wage in the top 25 % to achieve a 50 % increase in her family's income.

¹² Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>.

¹³ A tax credit works as a negative income tax: low wage earners, instead of paying taxes receive tax credits that are usually (negatively) related to the level of income earned.

adults. Empirical evidence from the US shows that EITC, in combination with other policy reforms and increases in the minimum wage, has produced some striking results in increased in labour market participation, reduced poverty among some segments of the population, especially single parent households, and better educational and employment outcomes for children.^{14,15}

The United Kingdom has also a Working Tax Credit established in 2003. Several Member States have introduced tax credits, including the 'Prime Pour l'Emploi' (PPE) and the 'Revenu de Solidarité Active' (RSA) in France, the 'Combination Credit' in the Netherlands, and a 'Low Wage Tax Credit' in Belgium.¹⁶ The UK Working Tax Credit, to be replaced by the Universal Credit, remains the broadest measure of its kind in Europe, both in terms of scope and budget.

An example of policy reform that combines **income support with activation** (including support of low wage earners) is the **Revenu de Solidarité Active** (RSA) in France. The RSA can be seen as a cornerstone of France's current antipoverty policy, in combination with the minimum wage and employment subsidies. The declared objectives are to integrate and simplify existing benefit schemes, to combat poverty more efficiently and to foster the transition into work. The RSA scheme is equivalent to a negative income tax. A basic benefit of € 410 (for a single adult) or € 590 (for a couple with no children) applies to claimants who do not work; for those who work, earnings are topped up by an in-work RSA supplement in such a way that 62 % of their net earnings are exempted. The implicit tax rate is set so as to make the benefit expire as the claimant's earnings approach the poverty threshold (SMIC = approx. € 1 200 gross/ € 950 net). In comparison with pre-existing schemes, the RSA focuses more on the lowest income group and, above all, strengthens the work incentive component.¹⁷

Some researchers claim that EITC/WFTC-type of policies which are means-tested on household income (and not on personal income) increase work incentives for single workers but discourage married women with a working partner. It is typically argued that this efficiency loss is outweighed by the equity gains from targeting families in need. In contrast, individualized schemes appear to combine clearer incentive effects with less efficient targeting, since resources may be transferred to workers in well-off families (Bargain and Orsini, 2005). In a micro-simulation study for Belgium, Marx et al. (2012) suggests that in order to be effective as an anti-poverty device and at the same time affordable within reasonable limits, measures means-tested at the household level need to be strongly targeted. Some researchers, notably Figari (2011), question the potential transferability in

¹⁴ Hoynes, 2007, http://www.econ.ucdavis.edu/faculty/hoynes/working_papers/Chicago-Fed-Final.pdf

¹⁵ Marr, Charite, and Huang (2013). "Earned Income Tax Credit promotes work, encourages children's success at school." Center on Budget and Policy Priorities. <http://www.cbpp.org/files/6-26-12tax.pdf>

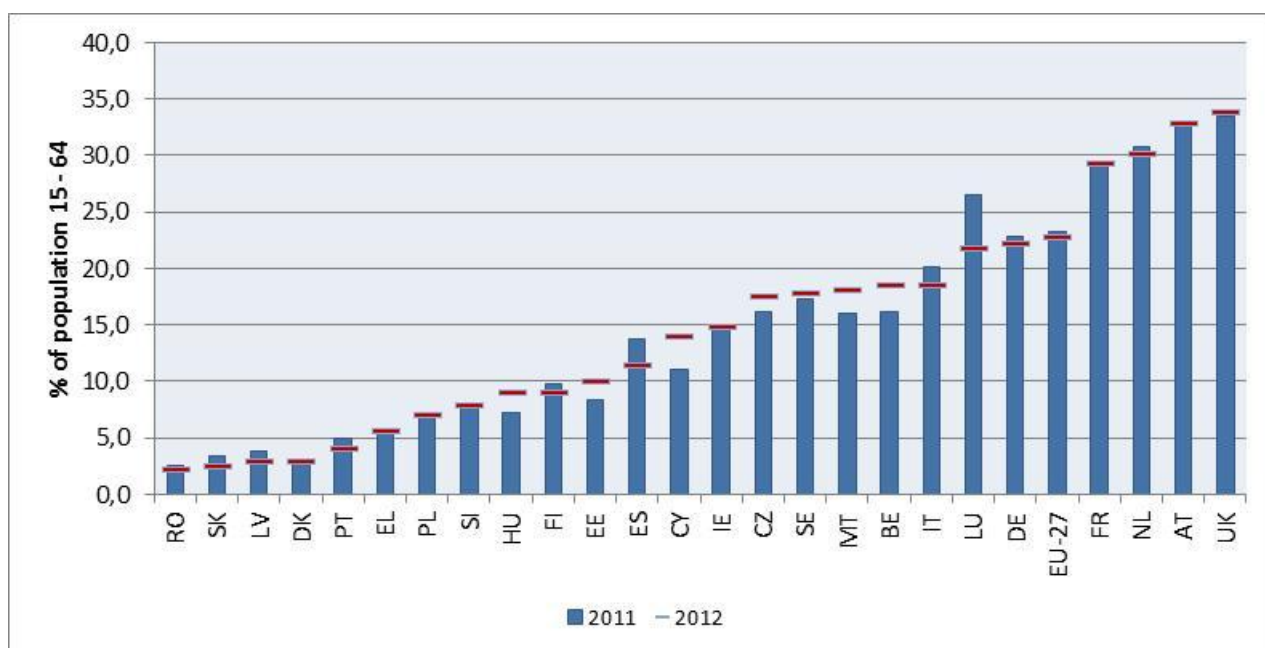
¹⁶ Marx and Verbist 2008

¹⁷ Ides Nicaise (2011): Building the tools to fight in-work poverty, Synthesis report, France. Available at: www.peer-review-social-inclusion.eu. For a review of recent policy reforms in the family policy area in all countries see also EPIC country profiles section (http://europa.eu/epic/countries/index_en.htm)

terms of similar results in southern European countries, where the presence of extended families comes into the way of such measures being well targeted to the poorest.

While part-time work can provide opportunities for parents to work, it is important to ensure the provision of care services for those seeking full time employment. Looking after children or incapacitated adults is the main reason **for part-time employment** in 2012 for more than 1/3 of the working age population in the UK, NL, AT, and FR. Increases in part-time employment in 2012 due to care responsibilities was recorded in MT (from 15% in 2008 to 20% in 2012) and in BE (from 17.9% in 2008 to 18.7% in 2012). The percentage of population deciding to work part-time due to look after a child or an incapacitated adult decreased notably in 2012 comparing to 2008 especially in NL (from 39.8% in 2008 to 34.4% in 2012), in IT (from 26.5% in 2008 to 18.6% in 2012), ES (from 17.7% in 2008 to 11.6% in 2012) and in EL (from 11.8% in 2008 to 5.6% in 2012). In Member States where there is a high rate of mothers in part-time employment, family households often experience in-work poverty and child poverty.¹⁸ While part-time work can provide opportunities for parents to work, it is important to ensure the provision of care services for those seeking full time employment.

Figure 7. Part-time employment of population (15-64) due to looking after children or incapacitated adults responsibilities, 2011 – 2012

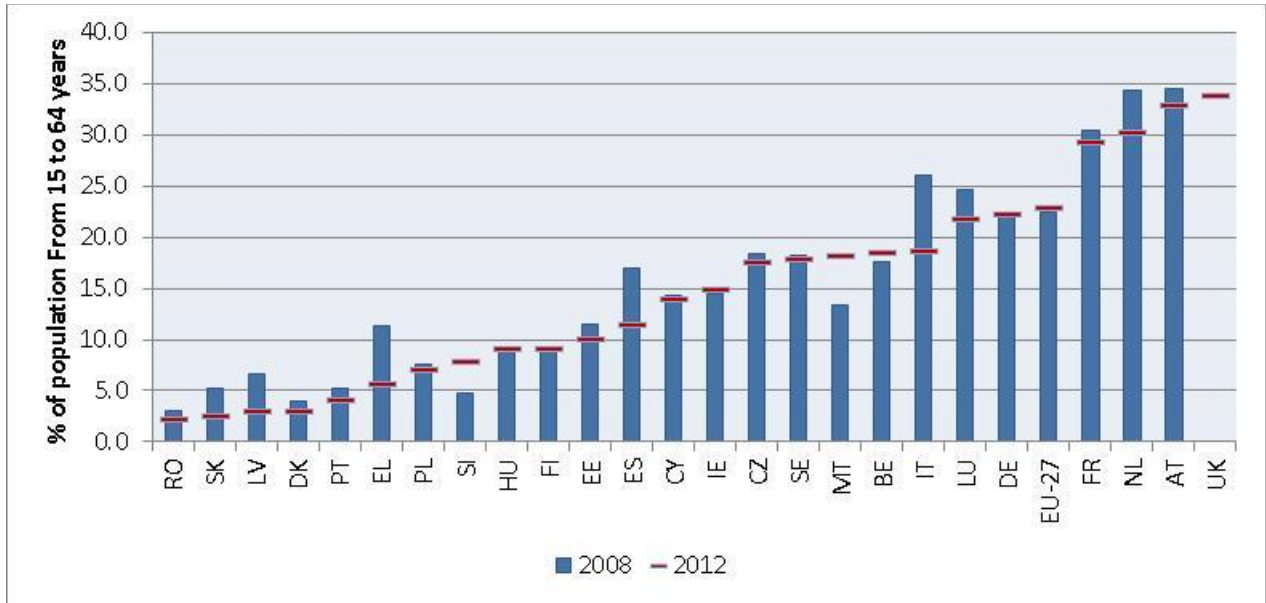


Source: Eurostat (EU-LFS)

Note: no 2011 and 2012 data for BG, LT

¹⁸ Bosch et al., 2009

Figure 8. Part-time employment of population aged 15 to 64 due to looking after children or incapacitated adults (2008 – 2012)



Source: Eurostat (EU-LFS)

Note: no 2008 data for HR and 2012 data for BG, LT

As well as an optimal design of the tax and benefit system and of employment policies, supporting parental employment also requires **labour market policies** responding to parents' specific needs (see chapter 2 for more details on effective ALMPs). Most Member States with low and medium levels of joblessness give significant attention to increasing the employability and participation of parents, especially single parents and second earners in paid work, and support their reintegration after parental leave and some countries with high level of joblessness (e.g. BE, IE, FR) are taking additional measures. However in many Member States efforts could be strengthened in the direction of better targeting and more outreach to single parents or jobless couples and to parents from disadvantaged and, especially, migrant or ethnic minority background. It also appears important to provide further opportunities for parents to participate in subsidised employment or training programmes, tailor-made assistance and back up services as well as improve access to information about programmes¹⁹. In CY, BG and LV, active labour market policies are targeted to the needs of parents by providing training, job-search assistance, counselling and subsidized employment, but also looking at ways to improve reconciliation of work and family life. LV has introduced a profiling system in 2013 to better adapt support to job seekers.

¹⁹ Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

Findings suggest that already disadvantaged parts of the workforce have difficulties in accessing any advantages conveyed by **flexible work scheduling**.²⁰ For childcare, **opening hours of services** need to adapt to diverse and changing working patterns. Such measures would help address the social gradients that exist in many Member States regarding children attending childcare.

Parental leave policies are also considered an important buttress to maintaining the attachment of parents, often specifically mothers, to the labour market. The provision of paid leave in Member States has a positive effect on the employment rates of mothers and has contributed to reducing the gender employment gap. Evidence shows that short periods of paid parental leave (six months) do not have a negative effect on labour force participation.²¹

However, maternity and paternity leave allowances and parental leave allowance must be considered together when analysing their impact. According to the OECD²² extending paid leave beyond two years has a counterproductive effect on female employment rates and, by the same token, on the gender employment gap. It is possible to take prolonged period of leave (at least 2 years or around 100 weeks) either as parental leave alone or by taking parental leave in conjunction with separate child/home care provisions in AT, CZ, EE, FR, FI, DE, HU, NO, PL²³, SK and ES.²⁴ This could represent a significant negative impact on female reinsertion into the labour market. This negative impact can also be evident in some Member States with shorter periods of paid leave if there is the added element of low levels of accessible childcare services. Joseph et al. (2012) find that in France part-time leave options are more likely to be taken up by highly educated women. Compared to full-time short paid leave, part-time longer options may work out negatively on post-parental leave wage levels.²⁵

Length, compensation level and share of leave between parents vary considerably among EU Member States. Recent reforms in the EU include extensions of (paid) parental leave in some Member States (LU, MT, PL, UK). In DK and MT self-employed parents were granted equal (vis-à-vis employed parents) rights to parental leave. New measures in AT, EE and PL aim at encouraging the uptake of paternity leave. Similarly, new rules for parental leave were introduced in FR, aiming

²⁰ Forthcoming report: Mills et al. (2013) Gender equality in the workforce: reconciling work, private and family life in Europe

²¹ Joseph et al. 2012 <http://www.sciencedirect.com/science/article/pii/S0927537113000547#>

²² <http://www.oecd-ilibrary.org/docserver/download/5k8xb6hw1wjf.pdf?expires=1382368510&id=id&accname=guest&checksum=E9A9022C7D1537AF8B05C8F81F823A70>

²³ According to Polish Labour Code, the person employed, for at least 6 months, is entitled to up to 36 months of childcare leave in order to provide personal care to a child under 5 years old.

²⁴ PF2.1: Key characteristics of parental leave systems last update 10/10/2012

²⁵ Joseph et al. 2012

at improving take-up of parental leave by fathers. AT reformed its childcare leave regulation to facilitate a better work-life balance of parents living in non-traditional family forms while HR harmonised the Law on Maternity and Parental Benefits with the EU *acquis communautaire*. Parental leave has also been reformed in Latvia by increasing the amounts of parental benefit and child-care benefit and improving granting conditions for employed parents.

Effectiveness and efficiency of social protection in reducing child poverty

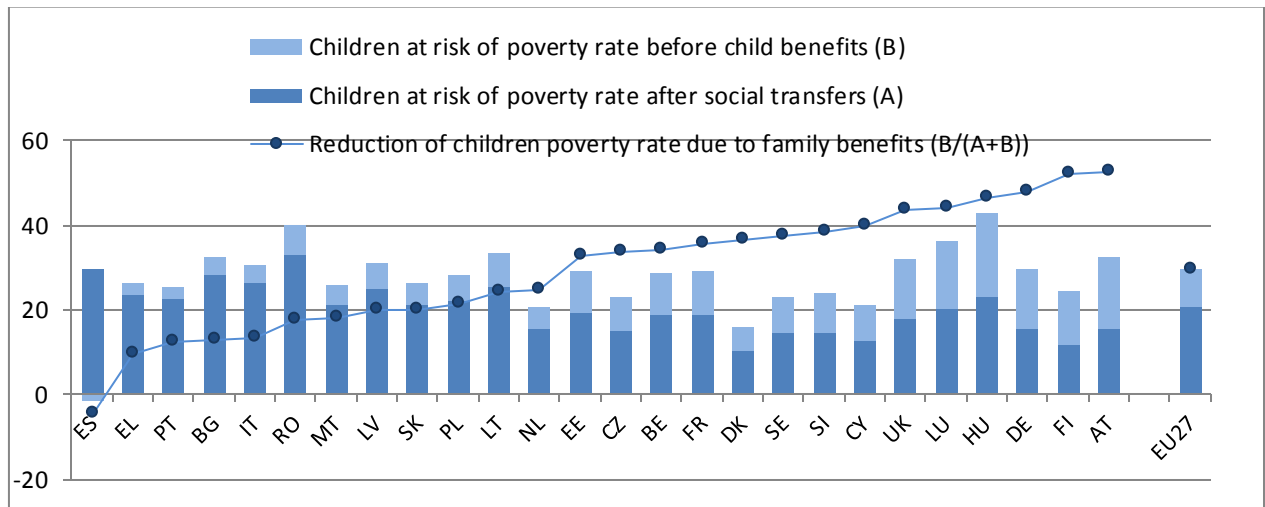
The financial situation of family households is of significant importance for child outcomes. Evidence clearly shows that children living in low-income households have worse cognitive, social-behavioural and health outcomes in part because they are poorer, and not just because poverty is correlated with other household and parental characteristics. This is mainly because of the associated impact of worse physical living environment (inability to invest in goods and services) and the stress associated with living on low income (worse maternal mental health and parenting behaviour).²⁶ Social transfers can help mitigate these effects.

Social protection as a whole has a significant impact on reducing child poverty. On average, social protection expenditure reduces the child poverty risk by 40% in the EU, but the impact varies greatly across Member States. Countries most effective at reducing child poverty are IE (reduction of the share of children at risk of poverty by 32 %), HU (by 27 %) and the UK (by 24 %). Countries with the lowest child poverty rates are those in which families with children benefit a good deal from overall social transfers. Health care and unemployment benefits also play a significant and indirect role in alleviating child poverty.

Within the whole set of social protection instruments, **child/family benefits** play a particular role. In countries where family and child benefits are most effective at reducing child poverty (AT, HU, FI, LU DE, UK), child poverty is almost halved by family and children benefits. At the opposite, family and children benefits do not reduce child poverty by more than 3pps in ES, EL and PT. (European Commission, 2012, updated figures)

²⁶ Kerris Cooper and Kitty Stewart (2013) *Does money affect children's outcomes: A systematic review*. York: Joseph Rowntree Foundation. October 2013. <http://www.jrf.org.uk/publications/does-money-affect-childrens-outcomes>

Figure 9. Poverty reduction effect of family and child benefits for children aged 0-17



Source: Eurostat (EU-SILC UDB 2011), Calculations by DG EMPL

The **adequacy of benefits** should be promoted as a primary tool against child poverty and social exclusion. Integrating strong activation measures and tapering into the benefit system can ensure that an adequate level of benefits does not result in steep effective marginal tax rates and inactivity traps.

In this way the design of social spending plays a significant role and requires careful shaping in the balance between universal and targeted benefits, as well as the trade-off between cash and in-kind benefits.

Targeting support on those families in disadvantaged situations can help improve the poverty reduction impact, while universal schemes can achieve additional poverty reductions because otherwise excluded children receive the benefit.²⁷ Universal schemes can be less efficient in the short run to reduce child poverty as they give income support to all households with children across the income distribution, regardless of households levels of income. However, in the long run, they also have many advantages: limited cost of 'production', larger take up, and low disincentives. Therefore **targeting of support within a broader universal system** can improve the effectiveness of the benefit system; most EU countries have integrated "targeting within universalism" (Skocpol 1991) such as targeting benefits towards low income families and/or single parents.

²⁷ Notten, G. and F. Gassmann (2008), "Size matters: poverty reduction effects of means-tested and universal child benefits in Russia", Journal of European Social Policy, 18 (3), 260-74. <http://gerandanotten.wordpress.com/research/size-matters-poverty-reduction-effects-of-means-tested-and-universal-child-benefits-in-russia/>

Van Lancker et al. 2012²⁸ show that **the design and the generosity** of child benefits also make a genuine difference when discussing poverty in **single parent households**. Within the framework of an 'adult worker model',²⁹ with welfare policies enabling mothers to work and providing adequate minimum income protection for those not able to work, NO and DK succeed in reducing poverty by means of targeted child benefits by more than 40%.

Despite large variations across Member States, a trend towards an **increased use of means-tested measures** can be observed. In 2009, child benefits were not means-tested at all in some countries, such as in EE, LU or SE. SI, while IT and PT means-tested more than 60% of child benefits. In DE and PT, all child benefits provided in kind were means-tested. IE means-tested a significant part of their cash child benefits, but provided all in-kind benefits without means-testing. The balance between means-tested and non-means-tested benefits depends on the exact design of social protection spending.

Notten and Gassmann (2008) argue that size ultimately matters more than design; only by increasing benefit levels considerably can more substantial poverty reductions be achieved. In addition, they argue universal child benefits have an immediate impact on poverty – both among those who depend on earnings and those on benefits without adversely affecting work incentives.³⁰

Most countries with a low risk of poverty provide relatively high level of benefits, generally combining universal benefits with more targeted ones. In AT monetary transfers to families (in particular through rather generous universal family allowances) reduce material child-poverty to a very large degree. In SI an efficient targeting and a relatively high level of benefits redistributing income significantly reduce poverty and income inequality. In LU, low level of child poverty are achieved by combining universal measures (family allowance, birth allowance) with more targeted (single parent tax credit) and means tested ones (such as a cost of living allowances). The low adequacy of benefit is a key feature of many countries with high rates of child poverty or social exclusion (such as BG, EL, ES, HR, IT, LT, LV, PL, PT) and, in many instances, systems have deteriorated during the crisis³¹. However some **recent reforms** tried to ensure adequate livelihoods for families. In EE, a needs-based family allowance reform was partly (with the increase of allowances foreseen from 2015) implemented from July 2013. In LV, in order to support families with children who are under 1.5 year of age, minimum monthly parental benefits, child-care

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http://www.centrumvoorsociaalbeleid.be/sites/default/files/CSB%20Working%20Paper%2012%2003_Maart%202012.pdf

²⁹ Lewis 2006

³⁰ Marx et al

³¹ Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

benefits and child-care benefit supplements for multiple children born in one birth were increased to EUR 140 and EUR 171 from 2014, including for parents without social insurance

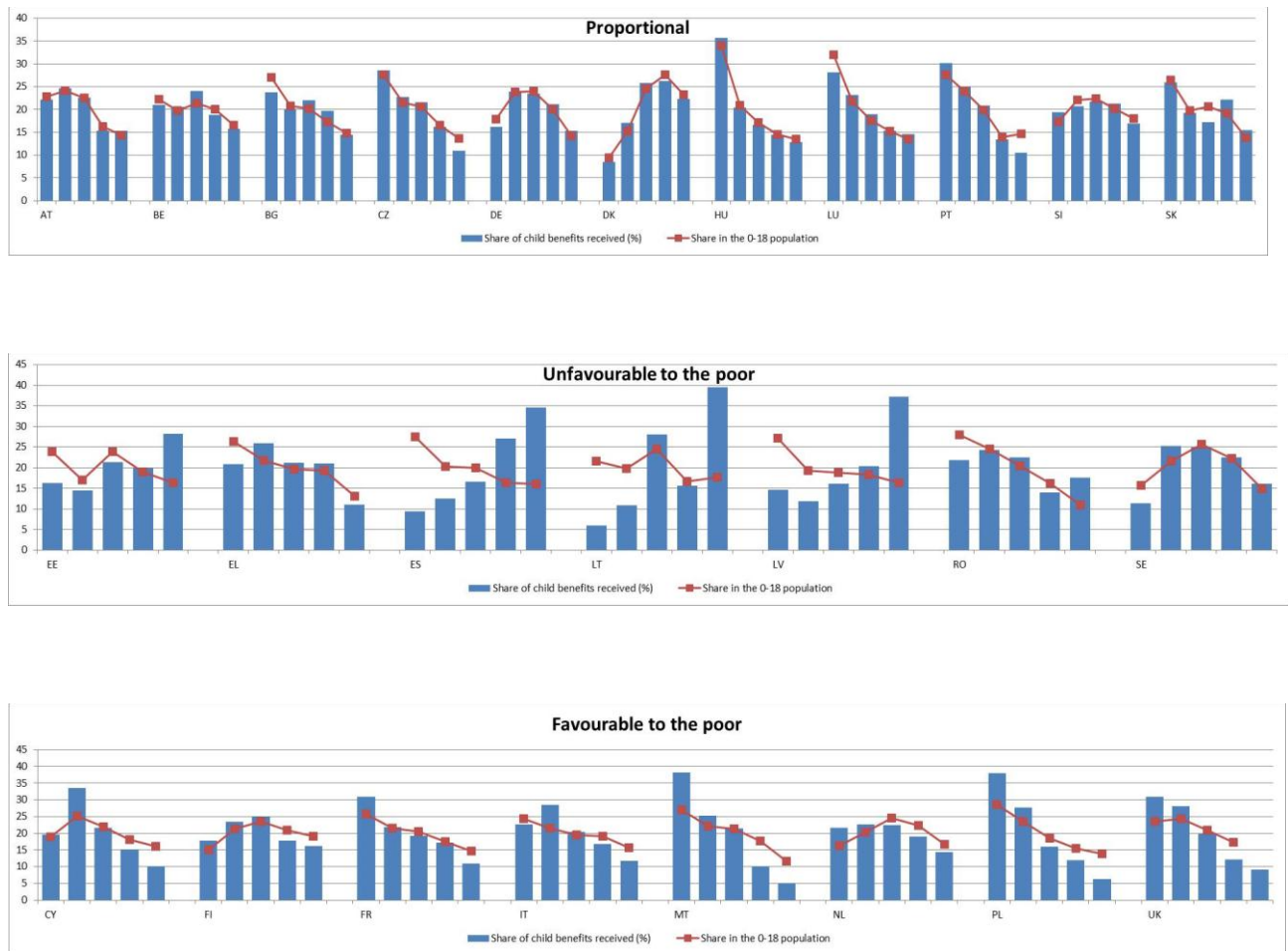
A move to more means-tested measures has taken place in a number of countries which have introduced income ceiling for previously universal measures, as illustrated by the SPC in depth review. Means testing has been introduced in the child benefit scheme in the UK, moving from its previously universal design. In Lithuania, means testing was introduced for the main non-contributory benefit "Child Benefit". CY has introduced a means test for child benefits in 2012 based on both income and assets, however with a high income threshold which maintains a large coverage.

In this context, an important consideration is whether the **distribution of family benefits across quintiles is proportional to the share of children within the income quintiles**. Child poverty and social exclusion is unlikely to be reduced unless the share of benefits received by the lower quintiles is proportional according to their share of children. The progressive nature of family benefits across income quintiles differs between EU Member States (see Figure 10). In many EU Member States each income quintile receives a share of family benefits proportional to the share of children population in the given quintile (AT, BE, BG, CZ, DE, DK, FI, HU, LU, PT, SI, SK). In some the distribution of family benefits is rather unfavourable to the poor, i.e. the poorer quintiles of the population receive less family benefits than is their share of children (EE, ES, EL, LT, LV, RO, SE). However, in some countries family benefits are more favourable to the poor, i.e. the poorer quintiles of the population receive a larger share of family benefits than is their share of children (CY, FI, FR, IT, MT, NL, PL, UK).³² (European Commission, 2012, updated results).

Besides means testing, a variety of measures were taken to make tax incentives, child/family benefits and social assistance **more progressive**. Tax exemptions for families with children have been reduced for high income households in FR, where a greater variation of childbirth allowance according to income was introduced and the means tested "family supplement" will increase by 8.4%. Reforming current schemes to **better support families at particular risk** has also been a priority in a number of countries. CY introduced in 2012 a means tested single parent benefits. FR has initiated a debate to increase redistribution towards single-parents and large families. However, refining the design of support measures to better reflect changing family patterns (raise in single parent households, decrease in number of marriages) remains a challenge for many countries, including some at lower risk of poverty³³.

³³ Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

Figure 10. Distribution of family benefits of the child population by income groups



Source: Eurostat (EU-SILC UDB 2011) ; Calculations by DG EMPL

Note: The graph includes only child/family benefits. However, in some countries (e.g. SE), housing benefits are an important and substantial transfer and are regarded as a family benefit, especially relevant to specific household types such as single parent families. This can lead to a significantly different profiles across the income distribution as often these households are found in the bottom quintiles.

The case of ES illustrates this point, where the average spending per child increases with income. The regressive distribution of benefits is partly due to the focus of the measures on newborns and young children who tend to be over-represented in higher income quintiles due to higher birth rates.³⁴ Among several Southern Europe Member States many poor families with children are ineligible for income support under social security (as is the case in EL and IT) or receive low benefits (as in ES and, to some extent, in PT).³⁵ This effect is even more pronounced with respect to tax benefits, as non-refundable schemes exclude poor families by design.

³⁴ Levy et al. 2008

³⁵ Matsaganis et al. (2004)

Data also show a significantly **lower take-up amongst those which need it most** because not all individuals claim the social benefits to which they are entitled. In particular, although universal and contributory benefits (e.g. social insurance pensions or unemployment benefits) tend to be received by all eligible claimants, the take up of means-tested benefits is known to be significantly less than complete. Non-take up of social benefits may be due to a variety of factors, including high claiming costs, administrative errors, fear of stigma, lack of information about entitlements etc. (Atkinson, 1996; Duclos, 1995).³⁶ In this context, reaching out to families with children in poverty black-spots and marginal communities appears to be a particular challenge in some countries with high risk of child poverty and social exclusion (such as PT, RO)³⁷.

In-kind versus cash benefits

The more a given Member State is spending on social protection relative to its GDP, the more (child) benefits it tends to provide **in kind**. There is though no clear relationship between the performance of states in terms of poverty reduction and the share of in-kind benefits in social protection expenditure (excluding pensions). An OECD study shows how both cash and in-kind transfers are redistributive while reducing poverty to different extents in different countries.³⁸

The adequacy (and effectiveness) of the balance between cash and in-kind benefits also depends on the exact design of the social protection expenditure. The design and level of in-kind support (i.e. services) provided by the welfare system to families with children impacts on the prevalence of "low or medium work intensity households" and in the average level of work intensity required to escape poverty. For example, in countries with broad child care provision (e.g. the Nordic countries, FR, SI), the incidence of one earner couple is weak and a greater share of lone parents are working. Countries with generous family allowances, but relatively weak child care provision (e.g. DE) may alleviate poverty among one-earner families better but discourage second earner participation. In countries where both child care provision and family allowances are weak, children face higher risks of poverty.³⁹

³⁶ UK official estimates for 2009-2010 show that the take up of universal child benefits tended to be higher than that of means tested schemes (~95% for the child benefit in the UK against 75 to 83% for the child tax credit). The UK example also shows that while the take-up of most benefits (housing, unemployment) has gone down over time, the take-up rate of low income families in the UK has increased from ~50% in the 80s, to ~70% in the 90s to reach ~80% or more in the last ten years, with notable improvements after each reforms of the scheme. <http://www.hmrc.gov.uk/stats/personal-tax-credits/cwtc-take-up-09-10.pdf>; Figari et al, 2009

³⁷ Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

³⁸ Foerster and Verbist, OECD 2012

Beside childcare, a number of countries do provide in kind benefits specifically targeted to children, such as free school meals (HU, CY where breakfasts for children in need were introduced in 2013), books (LV, HU), public transports (LV for children under 6, LU) or health services (dentistry in LV). Many of these schemes are targeted specifically to disadvantaged children. The provision of in-kind benefits appears particularly necessary for countries with high and very high levels of child poverty and social exclusion (e.g. ES, HU, RO). Yet some schemes have been withdrawn recently (school meals ES). Besides, while the balance between cash and in kind benefits does not appear to be problematic, in kind benefits should remain a complement rather than a substitute to support in cash⁴⁰.

Access to affordable and quality services

Childcare is most beneficial for those accessing it the least

The age between 0 and 6 years and especially the early years between 0-3 are crucial for children's healthy cognitive, emotional, behavioural, physical and social development. This is a sensitive and irreplaceable period of the lifecycle when development of the brain, body and interpersonal skills are taking place and where the mid- and long-term returns of investment many times outweigh the cost. The different roles of ECEC services (education, care and play) should also be complementary and mutually reinforcing.

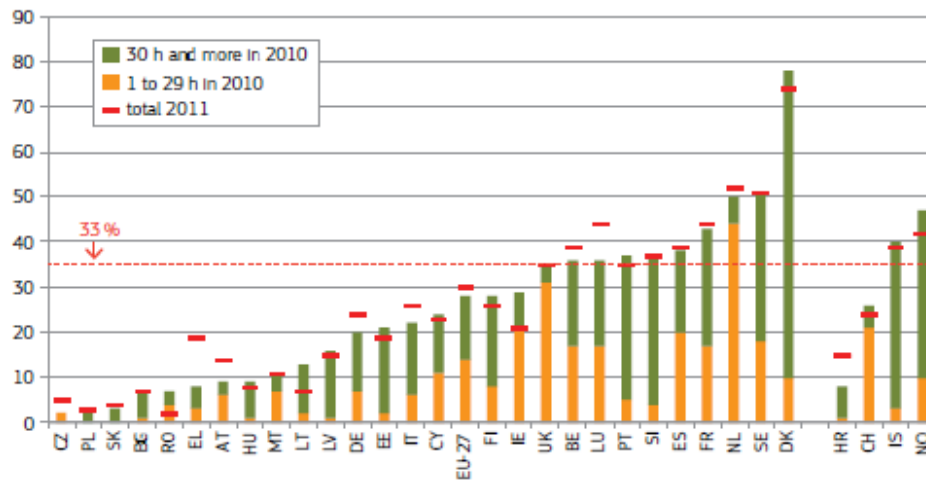
The European Education and Training 2020 benchmark on early childhood education participation says that by 2020 at least 95% of children aged between four and the age for starting compulsory primary education should participate in early childhood education. While some Member States have achieved this figure, a significant number of countries are still far behind. This diversity in performance was also reflected in the recent progress report on the Barcelona targets, which showed that most Member States failed to reach the target of 33% provision for the of 0-3 year-olds in ECEC by 2010.⁴¹ Among those who managed to reach the target there is considerable cross-country variation as regards to hours used. In some countries, such as DK, PL, EE and LT, there is a predominantly full-time use (over 30 hours) of formal childcare provision, whereas in NL, the UK, and CZ parents mostly use childcare on a part-time basis (under 30 hours).⁴²

⁴⁰ Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

⁴¹ Only 10 Member States had achieved the objective: DK, SE, NL, FR, ES, PT, SI, BE, LU and UK.

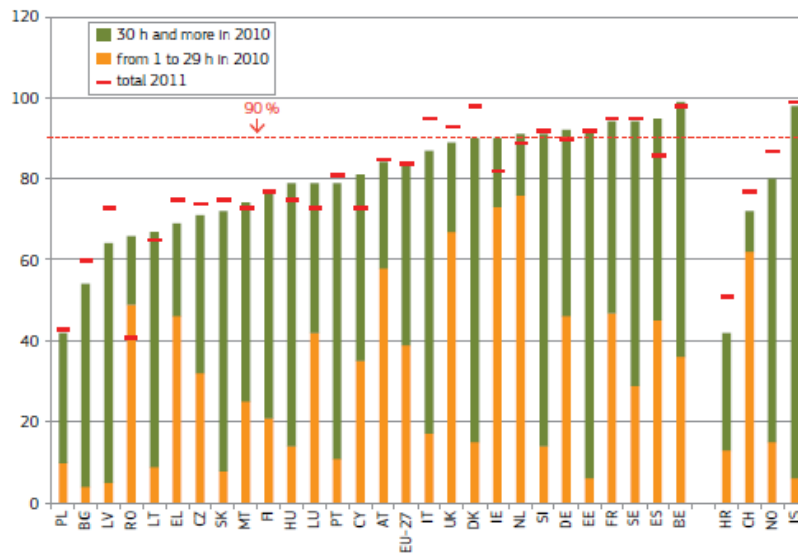
⁴² See EPIC policy brief "Childcare in Europe" available on line at www.europa.eu/epic

Figure 11. Percentage of children under 3 cared for in formal structures (and by weekly time spent in care) 2010-2011



Source: Eurostat — EU-SILC 2010-11.
 Note: Some of the data have been compiled from small samples and are statistically unreliable, including the total for: AT, BG, CY, CZ, EL, HR, LT, MT, PL, RO and SK.

Figure 12: Percentage of children between the age of 3 and the mandatory school age cared for in formal structures (and by weekly time spent in care) 2010-2011⁴³



Source: Eurostat — EU-SILC 2010-11.

⁴³ PL administrative data (source: Central Statistical Office, Local Data Bank) gives very different picture - the percentage of children between the age of 3 and mandatory school age (6) covered by formal childcare was: 70,8% – 2011 and 71,6% - 2012 - http://www.stat.gov.pl/bdlen/app/dane_podgrup.dims?p_id=131430&p_token=0.1114633583603839

Social gradient in access to and use of childcare

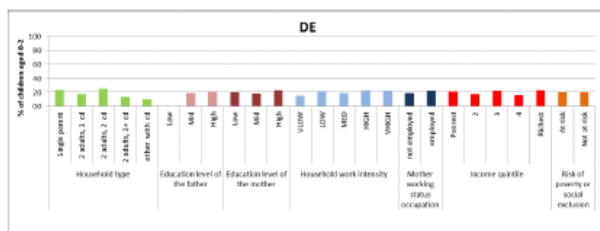
Children 0-3 from disadvantaged backgrounds, who would benefit the most from quality early childhood education and care, are unfortunately making far less use of such services. This holds for several socio-economic variables, such as the parent's level of education, their labour market position, the income distribution and the risk of poverty.

Across the EU, several patterns emerge (see **Figure 13**). In Northern countries, such as DK or SE, the take-up of childcare is high, even among the most disadvantaged. In FR, BE and ES, there is evidence of a clear social gradient across the various dimensions, combined with high levels of use of childcare services. In other Member States, such as IE, the social gradient is combined with limited overall levels of childcare use. Last, some Member States have a very low use of childcare, such as Poland or Germany, with little evidence of a social gradient.

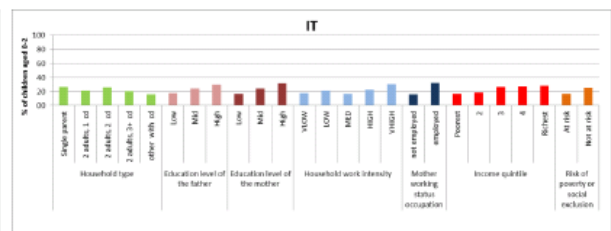
Figure 13. Social gradient in the use of childcare in the EU across several breakdowns, 0-2

Chart 63: Social gradient in the use of childcare in the EU across several breakdowns, 0-2

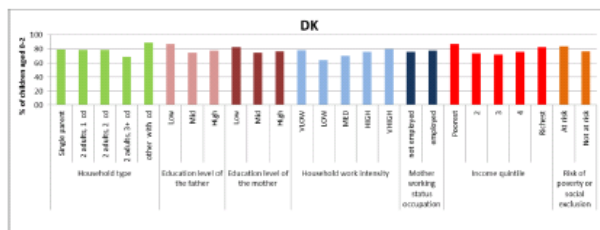
Low use of childcare combined with low social gradient



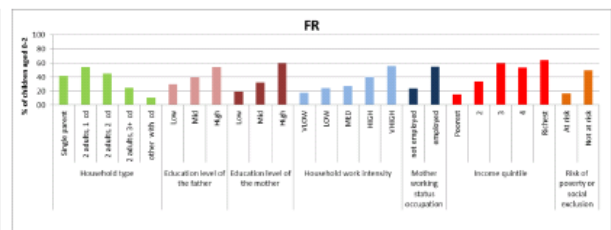
Low use of childcare combined with high social gradient



High use of childcare combined with low social gradient



Large use of childcare combined with high social gradient



Source: EU SILC, 2010.

Source: Eurostat (EU-SILC), Calculations by DG EMPL; European Commission (2013)

High quality ECEC can usefully support and complement home based learning and social experiences. Social gradients are therefore particularly concerning as evidence shows that combined with tailored interventions delivered by trained staff, high quality integrated ECEC services can compensate for linguistic, educational and other gaps that may arise in the home-learning environment due to structural and individual circumstances, including parents' low educational attainment or factors arising from multiple disadvantages. Another benefit is that ECEC supports parents and families in a non-stigmatising and non-judgemental way.

Poor quality ECEC however may actually result in negative outcomes especially for disadvantaged children.⁴⁴ The pedagogical content and delivery of programmes is crucial to their success. Low intensity in terms of offer and participation and late starting diminishes the overall effectiveness of ECEC and a negative social-emotional climate may cause more harm than good to participating children.⁴⁵

Already at the age of 3 there are large differences between children from low-income and better-off households, which, if not addressed, continue to widen. Statistical evidence clearly demonstrates the advantages of centre-based ECEC for the linguistic and cognitive development of children with a migrant background⁴⁶ and that the use of childcare can make a difference in mitigating structural inequalities.⁴⁷ Geoffroy & al. (2010) have shown that while children whose mothers have a low level of education display lower cognitive performance at six and seven than those of highly educated mothers, this is no longer the case when children from a disadvantaged background received formal childcare. Using a cohort of 19,000 children Hansen and Hawkes (2009) showed that less advantaged groups, such as children with teenage mothers and those living in households claiming benefits, were among the most positively impacted by quality childcare. Dustmann et al. (2012) show that the benefits of universal childcare programmes particularly improves the school readiness of children from disadvantaged backgrounds and children with immigrant background. They argue it is a successful measure for narrowing the achievement gap between native children and those with immigrant background, and therefore may help the latter to integrate better into society.⁴⁸

Therefore, in order to be able to fulfil their redistributive role, and as put forward by the SPC 2012 Report, quality ECEC services should be made **universally available** from conception.⁴⁹ Universal provision of ECEC promotes participation by all children thereby removing the need to engage in the complex and often unsuccessful task of identifying and targeting the disadvantaged and non-disadvantaged children separately. Research has also shown that ECEC services involving children from a wide range of social backgrounds and abilities can better support the overall development

⁴⁴ Evidence from the United States suggests this was the case for lower quality Head Start centres, and similar findings emerged from the UK's EPPE 3-7 (1997-2003) and EPPE 3-11 (2003-2008) studies. R. Haskins, W. S. Barnett, Eds., Investing in Young Children: New Directions in Federal Preschool and Early Childhood Policy, New Brunswick, 2010. As of October 2013: http://nieer.org/pdf/Investing_in_Young_Children.pdf; see also Sylva et al., 2012: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/184087/DFE-RR202.pdf

⁴⁵ See Early Childhood Education and Care in Europe: Tackling Social and Cultural Inequalities. EACEA P9 Eurydice 2009

⁴⁶ Commission Communication, "Early Childhood Education and Care- Providing all our children with the best start for the world of tomorrow", COM(2011) 66 final

⁴⁷ Geoffroy & al., 2010, Dearing and al., 2009, Hansen & Hawkes, 2009

⁴⁸ http://www.ucl.ac.uk/~uctpb21/Cpapers/KiGa_october22_final.pdf

⁴⁹ SPC Annual Report 2012

and inclusion of children, while limiting stigmatisation and segregation. Ensuring provision to and take-up of children under the age of three is essential to address socio-economic disparities and support the mothers' return to the labour market. In regards to tackling in-work poverty, universal child benefits is used as an example of a measure that can have substantial impact on poverty – both among those who depend on earnings and those on replacement benefits – without adversely affecting work incentives.⁵⁰

There have been **mixed signs in recent reforms** undertaken by Member States regarding access to early childhood education and care. There has been a recent worsening in access to early childhood education and care (ECEC) in many Member States (CY, EE, ES, IE, HU, LT, LU, PT, and RO). Still some Member States (DE, LV, PL, UK) took initiatives aimed at extending child enrolment in ECEC as part of their strategies to improve opportunities for children. DE introduced a right to childcare for children below the age of three, while guaranteeing child-rearing benefits. PL has expanded the list of companies able to apply for funding from the state budget for the establishment and operation costs of care institutions. Other countries (SK, LV, UK) took steps to improve the affordability of ECEC services, for example the UK announced a new scheme for tax-free childcare for working families. In LV, the state now co-finances the cost for the enrolment in private facilities of children from 1-4 years in cases where there is a waiting list for public facilities. Various Member States have also taken measures to strengthen child protection in their welfare systems (DK, ES, FI, PL, and SE). In LV, in order to support poorer families, child-care benefits and child-care benefit supplements for children born in multiple births were increased, including for parents without social insurance. Additional resources were allocated to ensure that all-day ECEC facilities operate with more flexible opening hours (DE, FI, MT, PL). IE guaranteed additional after school places for primary school children from low income families and in MT additional centres were opened. HR introduced compulsory pre-school education while both CZ and HR changed their legislation on non-standard forms of childcare provisions.⁵¹ A number of Member States have lowered the age of compulsory school attendance (from the age of 3 in kindergartens in HU, 4 years in LU in elementary schools).

Health

Adequate access to quality health care for children and their families is essential to guarantee positive health outcomes of the population. In the context of child's health the focus should be on early interventions and public health and preventive measures. Evidence shows that social factors are particularly critical in the early years of life, which have a strong impact on a child's future health, as a result of major changes in their body structure and functions (Shonkoff et al. 2000).

⁵⁰ Marx, I., Vanhille, J., Verbist, G. (2012), 'Combating in-work poverty in continental Europe: An investigation using the Belgian case', *Journal of Social Policy*, Vol. 41, No. 1, pp. 19–41.

⁵¹ Many other examples of practices in support of children from disadvantaged background are available on www.europa.eu/epic. The available databases allows searching by pillar of the Recommendation "Investing in Children- breaking the cycle of disadvantage (access to adequate resources; access to affordable quality services and children's right to participate) or by their level of demonstrated evidence for evaluated practices.

Starting from the ante-natal and parenting support, through child vaccinations and promotion of healthy nutrition and physical activity among older children these measures can offset negative health effects.

A number of countries have put a strong emphasis on prevention and parenting support in early years through a combination of universal measures (free provision of preventive services and immunization in CY, regular health checks and screenings in LU, regular checks provided through local Organisme National de l'Enfance in BE) and more targeted ones (access to social offices, support to families in distress in LU).

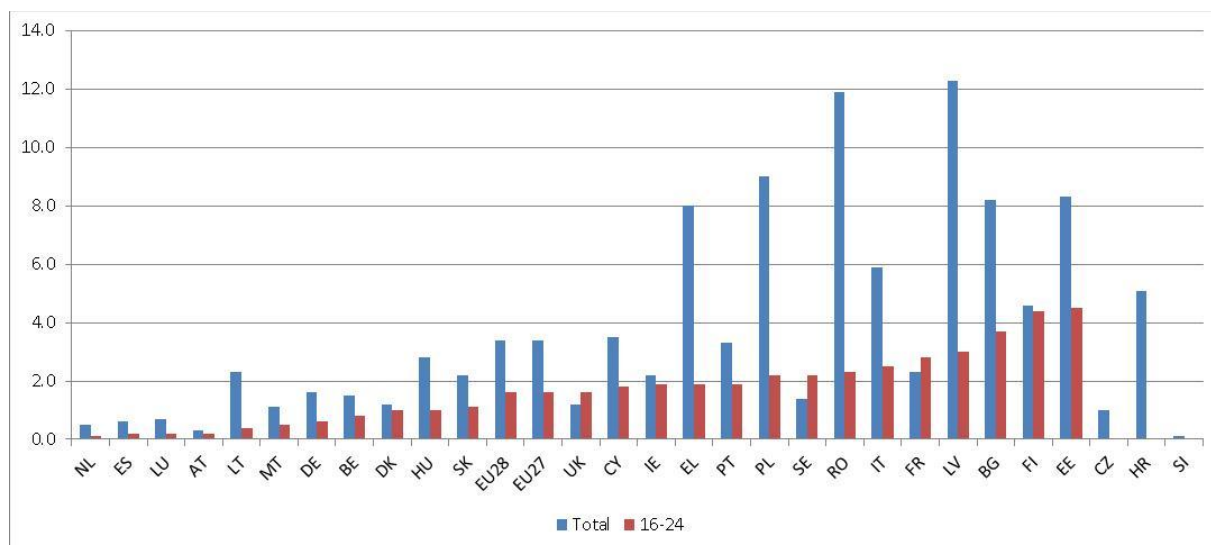
In several of the **very high risk** countries (BG, RO, HU) access to adequate health care for children from disadvantaged backgrounds appears as a specific challenge, especially for children in vulnerable situations such as Roma children. The most common barriers appear to be insufficient provision of medical care (especially in rural areas, for instance in LV) and cost barriers (including those linked to medicines even when prevention services are provided free of charge, e.g. LV⁵²). Children from rural areas and low-income households are clearly under-exposed to medical services, especially to preventive health care.

Outreach services for disadvantaged communities and groups, the training of staff to work in a multi-cultural environment and taking special Initiatives to assist immigrants and ethnic minorities when accessing health services are examples of effective measures.⁵³ Schools can play a major role in complementing these efforts: in CY health professionals provide health checks and health education to all children attending public school.

⁵² Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

⁵³ SPC Report, 2012, Child poverty and child well-being

Figure 14. Unmet need for medical care (for reasons of cost, waiting time or distance), 2012, total vs. population 16-24



Source: Eurostat (EU-SILC)

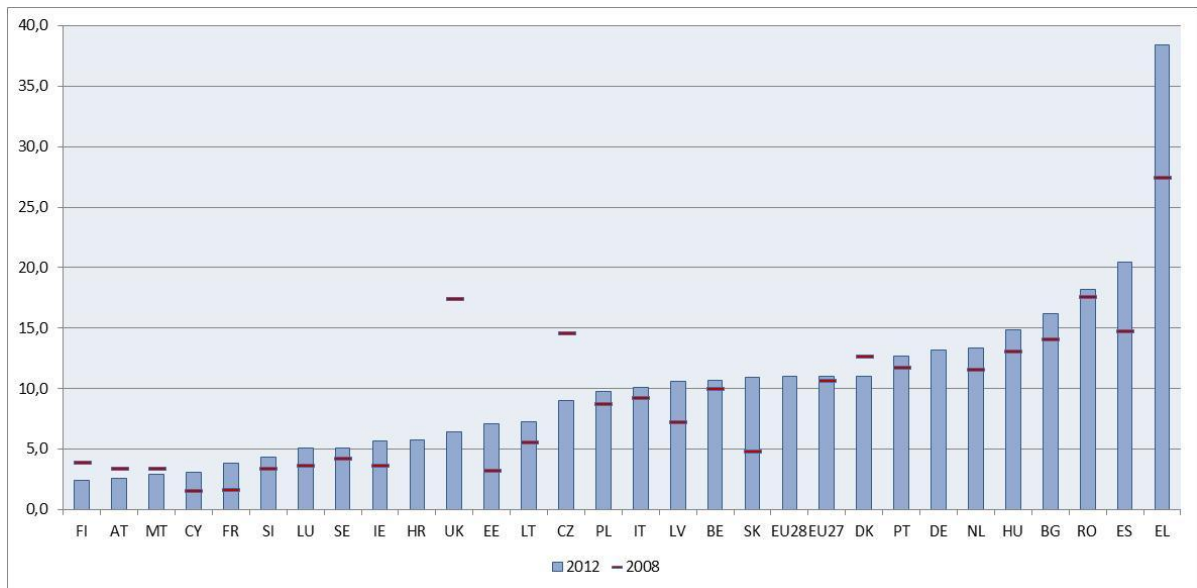
Note: 2011 data for ES, BE, SK, EU27, EU28, UK, IE, SE, RO, IT, FR, HR

Housing

Access to decent housing is an important aspect of household well-being and appropriate environment for child development. The situation in Europe varies widely across countries but also across different dimensions of housing such as cost, over-crowdedness and housing quality. Households with children, especially single-parent families face in general a higher incidence of being overburdened by housing costs than other households, which may be counterbalanced with adequate level of social - family and housing- support. A considerable share of children is affected by both poverty risk and housing deprivation or severe housing deprivation, which is associated with health risks. Children at risk of poverty are especially suffering from overcrowding. As a consequence, the share of households where at least one child does not have access to a suitable place to do homework is much higher in the population at risk of poverty.

The share of children living in households overburdened due to housing costs has generally increased in most Member States since 2008, in some countries as much as 11pp (EL) and 6pp (SK). The range also varies substantially between countries from below 5% of children to as much as 20%. In EL close to 40% of all children grow up in households overburdened by housing costs.

Figure 15. Share of children living in households overburdened due to housing costs

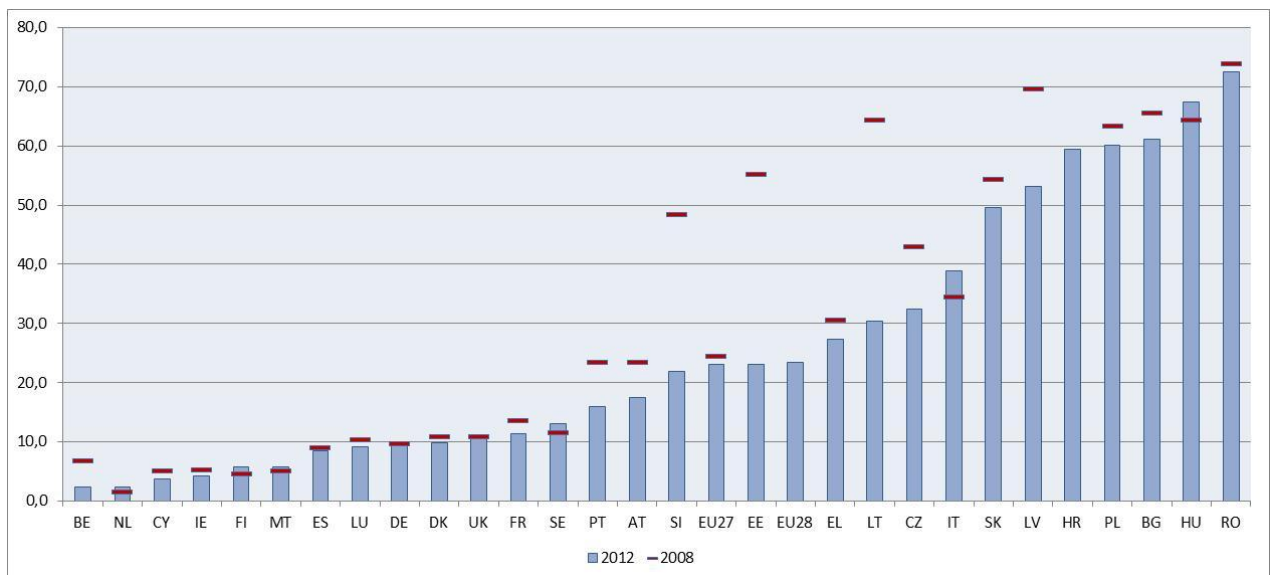


Source: Eurostat (EU-SILC)

Note: 2011 data for BE, AT and IE

The share of children living in overcrowded households has generally improved in the period 2008-2013 but is still above 50% in SK, LV, HR, PL, BG, HU and RO.

Figure 16. Share of children living in overcrowded household



Source: Eurostat (EU-SILC)

Note: 2011 data for AT and IE

Improvements have been also registered for the period 2008–2012 when it comes to the housing deprivation of households with children in countries like CZ, PL, EL, ES, BG, HU, LT, RO, SK) but substantial worsening is observed for DK (10,3pp), EE and CY (5,3pp) and PT (4,8pp).

Targeted measures are needed to improve housing quality. Ensuring that families with children can live in adequate and affordable housing creates stability within the child's environment. Policies should try to raise housing quality standards, to diminish the impact of the mortgage crisis and provide assistance to young parents and low-income families in areas suffering of multiple disadvantages.

The provision of **social housing** is instrumental in a number of Member States (BE, DK, NL), where it should however be combined with sustained efforts to avoid social segregation⁵⁴. Besides, a number of Member States are supporting families on low income through specific housing allowances or by **promoting lower rental payments**. LU has undertaken a comprehensive housing strategy including the provision (sale and rental) of affordable housing through public promoters, social offices helping people at risk of poverty to pay housing costs, housing subsidies. CY implements a Low Income Housing Scheme including both grants and low interest rates loans.

In a challenging context marked by increased evictions and risk of homelessness (ES, IT, HU, IE) for families, **debt management services** are called to play a particular role. In ES, new measures were introduced to support families in difficulties keep up mortgage payments and a new Social Housing Fund was introduced.

Social services

Preventive social services and family support services which take an integrated approach across services and contact points (social services, school, youth organisations, health workers) can provide effective prevention and support social inclusion of the child.

Parenting support programmes have gained attention from policymakers in Europe since the 1990s. They are typically delivered through children's centres and family information centres that offer a wide range of community health and social services. Most programmes are available for families with young children in the pre-school age, as services targeting this age group have proved to be the most cost-effective and efficient. A growing body of evidence suggests that when evidence-based parenting programme interventions are implemented at scale with families that need them, significant population-wide benefits can be achieved. These include significant reductions in behavioural and hyperactivity problems, school failure, youth crime, adolescent drug and alcohol misuse and child maltreatment.⁵⁵ Good parenting can help by maximising children's

⁵⁴ Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

⁵⁵ Asmussen et al, 2010, Evaluation of the National Academy of Parenting Practitioners' Training Offer in evidence based parenting programmes. Research Report DFE-RR186

potential and promoting resilience. For being effective, parenting programmes need to be evidence-based and delivered by skilled practitioners. Effects are generally largest for children with more severe problems, suggesting that targeted treatment of referred individuals can be more cost-effective in the short term than primary prevention for whole communities.⁵⁶ Evidence also suggests that directly accessible support, such as counselling and provision of information, is a key element of parenting support and that early interventions lead to better outcomes for children, whereas late interventions can still influence positive change in children and may help parents to deal with parenting under stress. Universal services appear to be mostly effective for less severe types of parenting problems, while targeted interventions, usually tackle more complex types of parental difficulties⁵⁷.

Examples of such programmes include parenting shops introduced in Flanders (BE) in 2007 to strengthen the competences and capacities of those involved in parenting and reinforce the social network around parents and their children. Positive parenting is also one of the five objectives pursued by the Children and Families Strategy 2012-2020 in EE. In Scotland (UK), a new National Parenting Strategy adopted in October 2012 sets out to ensure that parents have access to clear and concise information on their parental concerns, offer support to enable parents to develop their parenting skills, improve the availability of and access to early learning, childcare and out-of-school care provide targeted support to vulnerable families.

This trend towards prevention can also be seen in the child protection field, where many EU countries have progressively dismantled their institutional care systems, aiming at decreasing reliance on institutional and residential care, with a complementary increase in family and community-based care and services. Despite clear commitment and progress in this desinstitutionalisation process (in BG, RO, HR, HU) challenges remain, in particular as regards the capacity of local social services and child protection services, and enhancing the outreach capacity of services⁵⁸.

Regarding children out of parental care, alternative care settings such as small foster homes provide more individualised support than institutional care.

⁵⁶ Scott, 2010 National dissemination of effective parenting programmes to improve child outcomes

⁵⁷ European Alliance for Families Policy Brief: Parenting Support, December 2012, see also [European Foundation for the Improvement of Living and Working Conditions, Parenting Support in Europe, 2013](#)

⁵⁸ Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

Ensuring an integrated approach

Relevant dimensions of an integrated approach may include addressing child poverty as specific policy objective, ensuring children overall receive specific attention in a context of budget consolidation, and ensuring children facing multiple disadvantages receive specific attention.

Belgium has recently adopted a comprehensive national action plan comprising 140 actions across and within several levels of government and regions and spanning different partnerships.

Other examples demonstrate the relevance of cooperation with local communities. The UK's Sure Start programme was initially targeted towards families with children aged below 4 in disadvantaged areas. Sure Start Centres or (later) Children's Centres interact with communities in various ways, notably through the improvement of existing services or provision of home visiting, learning and childcare, etc.⁵⁹

The Step by Step (SbS) programme was launched by the Open Society Foundations (OSF) in 15 Central European and Eurasian countries in 1994, and is now active in 30 countries. It fosters social inclusion and child-centred practices by strengthening local communities to help them provide quality ECEC with a focus on disadvantaged children, and promoting child-centred teaching, among other elements. Some evaluations of the programme have shown that disadvantaged children attending Step by Step programmes had made greater gains than wealthier students and been able to enter primary school equally well prepared in countries including Romania, Bulgaria and Ukraine (Moss, Tankersley, and Klaus, 2012). Case studies have found that about 1.5 million children were exposed to the child-centred approach advocated by the Step by Step programme over the years, with 68,000 educators being trained (Moss, Tankersley, and Klaus, 2012)

3. Results of the thematic in-depth review

Following the SPPM methodology as endorsed by the Council, the thematic in-depth reviews are structured around the idea of countries with good outcomes being reviewed by countries with challenging situation in order to foster mutual learning.

The presenting countries (CY, LU and FR) gave a summary of the key indicators and current situation of child poverty in their countries, outlined the factors explaining their relatively low rates of child poverty and social exclusion and main policy initiatives. Their presentations were followed by presentations from BG, LV, HU, IE, ES and IT, commenting on the main findings and the transferability of practices from presenting countries to their respective situation.

The review confirmed the evidence examined earlier in this section. All countries reported on a partly dramatic **increase of child poverty** during the crisis; child poverty has (again) become a political priority in many countries.

⁵⁹ House of Commons Children, Schools and Families Committee, 2010; NESS 2010

Social transfers help to reduce child poverty, but their impact varies in the different countries and is especially low in ES. Households with children currently face a higher risk of poverty and social exclusion; this is especially the case for single parent families. Especially the FR example showed the need of social support systems to adapt to the **changed family structures**: While in the past large families often needed additional social support, single parent families are now over-proportionally affected by poverty. Some countries reacted already to this and introduced special support measures to single parent families such as the single parent tax credit (LU) and the single parent benefit in CY which is a monthly allowance to support single parents based on income and assets criteria.

Country presentations also confirmed that the **unemployment of parents** and in-work poverty plays a major role in the understanding of increasing child poverty rates. Supporting parents in their access to labour market is therefore a cornerstone of policies to reduce child poverty. Targeted measures to increase the employability of parents and especially of low-skilled parents have been taken by FR, ES, and BG. Also LU and CY increased efforts to assist parents in their job search, provide guidance, counselling and training. They also offer subsidised employment for parents to ease their access to the labour market and help them to become self-employed.

The provision of childcare, a necessary complement to allow employment of parents, continues to create challenges for some countries (CY, LV). Also with regard to the low employment rate of women and of single parents, LU offers reduced fees for ECEC for disadvantaged families (see below).

The current situation has called for adaptations in the way children and families are supported. **Means-tested measures are more frequently used** to direct support to those most in need of it. CY introduced an income threshold for child benefits in 2012, moving away from a more general provision. Also FR recently reduced child benefits for higher income families while at the same time introducing more support for low-income families. LU combines a universal approach with targeted measures for families and children in need such as reduced fees for ECEC, training and support, and allowances and CY implements an ESF project which aims to integrate into the labour market inactive or unemployed women and includes the reimbursement of part of the cost of care services for children, older people and persons with disabilities.

Adequate **income support for families** is crucial and several countries (FR, LV, BG) increased benefits (actual amounts) during the crisis to better protect families and children. ES allocated an extra of 17 Mio Euro to address the needs of severely deprived households and support families' access to social housing. Also the situation of families who cannot pay their mortgages due to the crisis has been addressed.

Also the **combination of different benefits** with paid work and the increase of minimum wages play an important role (LV). It was emphasised that child poverty is strongly linked to the effectiveness of the welfare system and the interaction between its different support mechanisms. IE presented its 'whole family approach' as a mean to better link different benefit schemes. IT is currently

experimenting ways to better combine social benefits for families with individual programmes for active inclusion. Conditional cash transfers tend to play a more important role in the provision of benefits for instance in BG where the provision of household benefits is linked to the school attendance of children.

ECEC services are offered free of charge or at reduced costs for disadvantaged families in e.g. ES and LU. Also other services for families are often subsidized to improve accessibility (FR, LV). ES highlighted its nationwide consolidated network of social services (ES); there is also a need to develop more quality community-based social services including ECEC. BG aims at developing a better structure of integrated services. A Social Inclusion Project (financed also by the World Bank) provides integrated social, education and health services to children up to the age of 7. Other support mechanisms especially targeted at children from disadvantaged backgrounds are free school meals, education support for children with special needs, free public transport to school and regular health checks and screenings.

The in-depth review showed that while means-tested measures and a better targeting of benefits appears to be an important approach and certainly an area in which the exchange of experiences and good practices is helpful, the revision of the governance structures such as introducing central coordinating bodies is a less transferable practice. One-stops-shops and better combination of benefit schemes was an important point raised by several presentations as measures which improve outreach and take up.

3.4. What should be the focus of policy effort?

Policy toolbox				
Access to resources: Parental employment and family benefits		Access to services		Integrated anti-poverty strategy
Low effective marginal tax rate	Effective and adequate benefits	ECEC (affordable, accessible, inclusive, high quality)	Integrated services	Data, targets
Progressive and individualised taxation	Balance between universal and targeting	Housing (adequate and affordable)		Multi-sectoral, multi-agency
Parental leave, paternity leave	Balance between cash and in-kind	Health (preventive health; parenting support)		Multi-level
	Progressive across quintiles			Cross-departmental
				One entry access points

The review highlighted the following policy priorities.

Particular emphasis should be put on supporting second earners' and single parents' access to the labour market and remove persisting disincentives, whereby **low effective marginal tax rate** (through schemes such as Earned Income Tax Credits), **progressive and individual taxation** are pivotal tools.

Maintaining a **combination of universal and targeted income support** measures appears essential to efficiently reduce child poverty whilst at the same time addressing inactivity traps and low take-up. Besides, there is in several Member States some scope for **making income support measures** (and in particular child and family benefits) **more progressive** and redistributive, through various mechanisms: better adapting them to reflect the evolution of socio-demographic characteristics (e.g. number of single parent families), degressivity according to income, means tested benefits. They should also be combined with **in kind support** related to transports, schooling, health.

More can be done to address strong social gradients in access to early childhood education and care, thus allowing more disadvantaged children to benefit. In most Member States, supply (**investment in infrastructure, particularly in rural areas, training of professionals**) and demand policies (**differentiated pricing policy, free provision for low income families, childcare vouchers**) should go hand in hand. They should also be combined with more **active outreach and awareness-raising** towards inactive and unemployed parents.

In a challenging context marked by increasing evictions, housing cost overburden and housing deprivation, the provision of **debt management services, social housing and lower rental payments to families with children is particularly important**.

Prevention programmes, especially in early childhood years, have proved to bring significant benefits for children and their families and their use could be stepped up. In this context, the development of **integrated services** combining social, educational, health support and parenting support should be encouraged, and contributes to better access to information and take up of benefits. .

The review highlighted the need to monitor child poverty in the EU and to continue the exchange on policy practices. **An integrated approach** as taken by most of the presenting countries is needed, encompassing policies to increase employment of parents, reduce in-work poverty and ensure minimum income schemes which protect families and children against poverty. Access to high quality and affordable ECEC services, to health care, to education support and to other social services is especially important for children from disadvantaged backgrounds.

The efficiency and effectiveness of the different benefit schemes and support mechanisms will be an important point of further policy work. The number of single parent families is increasing everywhere and their specific vulnerability poses new challenges to the social support systems.