



# **ESPN Thematic Report on Progress in the implementation of the 2013 EU Recommendation on “Investing in children: Breaking the cycle of disadvantage”**

**United Kingdom**

**2017**

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**European Social Policy Network (ESPN)**

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## Summary

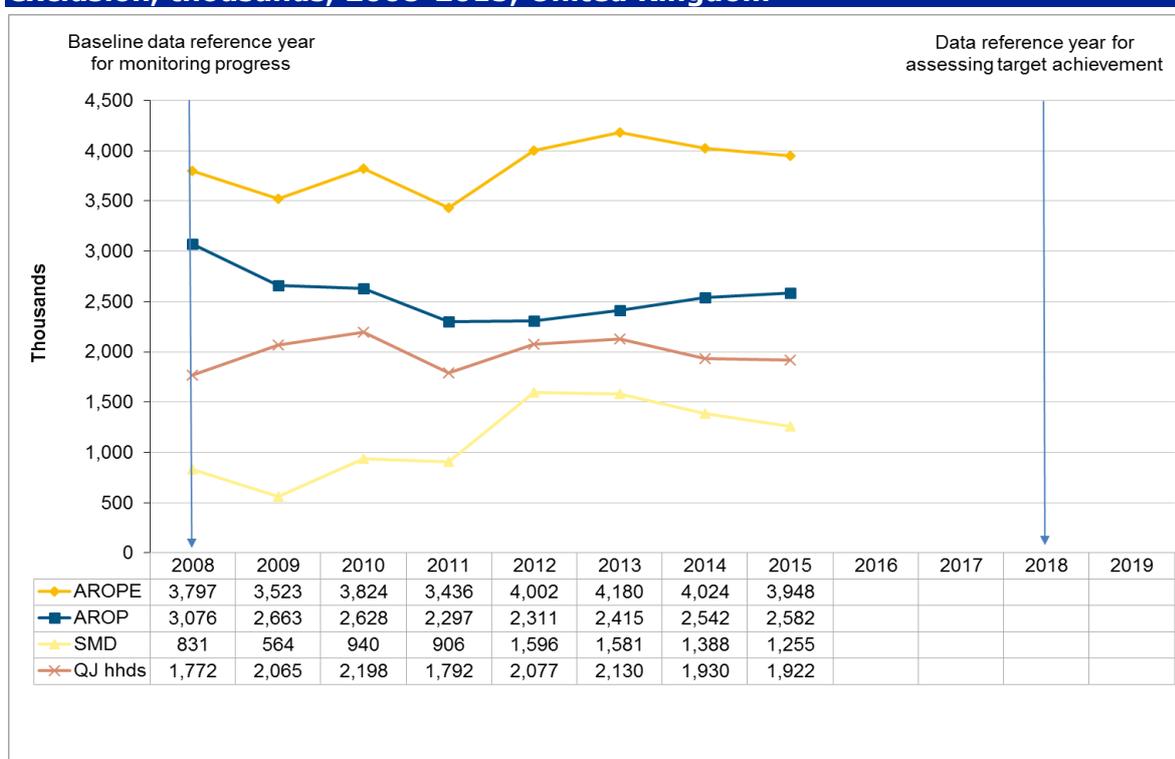
- The latest (2016) conclusions of the UN Committee on the Rights of the Child express concerns across a range of areas relating to children's rights in the UK.
- Investing in children has not been an explicit aspect of UK social policy since 2010, at least so far as the Westminster government is concerned.
- Indeed, the most salient aspiration of government policy has been to reduce the deficit and benefits and services for children have been cut in pursuit of that goal (although there have been some developments in child care policy).
- As a result, the UK has not contributed to the EU target to reduce numbers at risk of Poverty and Social Exclusion (AROPE) by 20 million by 2020.
- Child poverty (AROP) and deprivation have begun to increase and, with most working age benefits frozen until 2020, and cuts to existing benefits being introduced as Universal Credit is rolled out, in particular for families with children, it is estimated that child poverty will increase by 41% by 2021.
- This is despite the introduction of a higher national minimum wage and very high levels of employment in the British economy. There has been a welcome increase in particular in the employment rates of lone parents.
- There has been an increase in 'in-work poverty', with 67% of children in poverty now living in households with a parent in employment.
- The Child Poverty Act with its targets to eradicate child poverty by 2020 has been abandoned and the Social Mobility and Child Poverty Commission has become the Social Mobility Commission. The life chances strategy has also been forgotten.
- New indicators for 'disadvantage' have been developed and a social justice Green Paper is due. Scotland has introduced a child poverty strategy, with explicit targets to be achieved by 2030, and has its own independent advisor. Wales published a child poverty strategy in 2015.
- There has been a big decline in spending on family benefits, while pensions have largely been protected.
- Shared parental leave has been introduced; but there is little incentive for fathers to take it, and the UK risks creating a 'fatherhood penalty'. The right to request flexible working has been extended to all eligible employees, not just parents.
- Part-time nursery provision has been extended to some low-income 2-year-olds and the hours offered to 3- and 4-year-olds will be increased for some families. Universal credit will cover 85% of childcare costs and a new tax deduction will meet 20% of childcare costs (both up to a limit).
- There is some evidence that the life satisfaction of children has stopped improving and children in the UK do comparatively poorly in international league tables.
- Investing in Children is not a focus of policy discussions in the UK. Some CSRs have focused on child poverty and other highly relevant issues (such as the cost of child care and affordable housing).
- The UK has been allocated EUR 5.148bn in relevant areas: 35.7% for employment, 21.2% for social inclusion (mainly equal opportunities) and 39.8% for education (mainly lifelong learning and apprenticeships). So far it has spent 6.7% of the allocations and 3.9% of the total including national contributions.
- It is hard to gauge what a difference relevant EU funding is making to children, and no UK country highlights these groups much, though there is some focus on lone parents and youth, and in Northern Ireland in particular on family support.

- We recommend
  1. Withdraw the benefit cap, the two child limit and the bedroom tax - these measures directly impoverish children.
  2. End the freeze on working age benefits now and raise revenue from progressive increases in direct taxation.
  3. Revert back to the original universal credit proposals so that it reduces rather than increases child poverty.
  4. Reinstate an obligation to meet child poverty targets.

## 1 Overall situation with regard to child poverty and social exclusion

The UN Committee on the Rights of the Child (CRC) in its 2016 report<sup>1</sup> expressed particular concern about the high child poverty rate in the UK, and the impact of the Welfare Reform and Work Act 2016 in limiting entitlements regardless of needs, and urged the UK to re-establish targets to combat child poverty. Figures 1 and 2<sup>2</sup> show that UK has made no contribution to the EU at-risk-of-poverty-or-social-exclusion (AROPE) target to reduce the numbers by 20 million by 2020. The number of children (Figure 1) AROPE was higher in 2015 than in 2008. The child at-risk-of-poverty (AROP) numbers began to rise after 2012. Severe material deprivation increased sharply between 2008 and 2013, though it has fallen since. The percentage of children in quasi-jobless households is slightly higher in 2015 than in 2008.

**Figure 1: Trends in number of children aged 0-17 at risk of poverty or social exclusion, thousands, 2008-2015, United Kingdom**

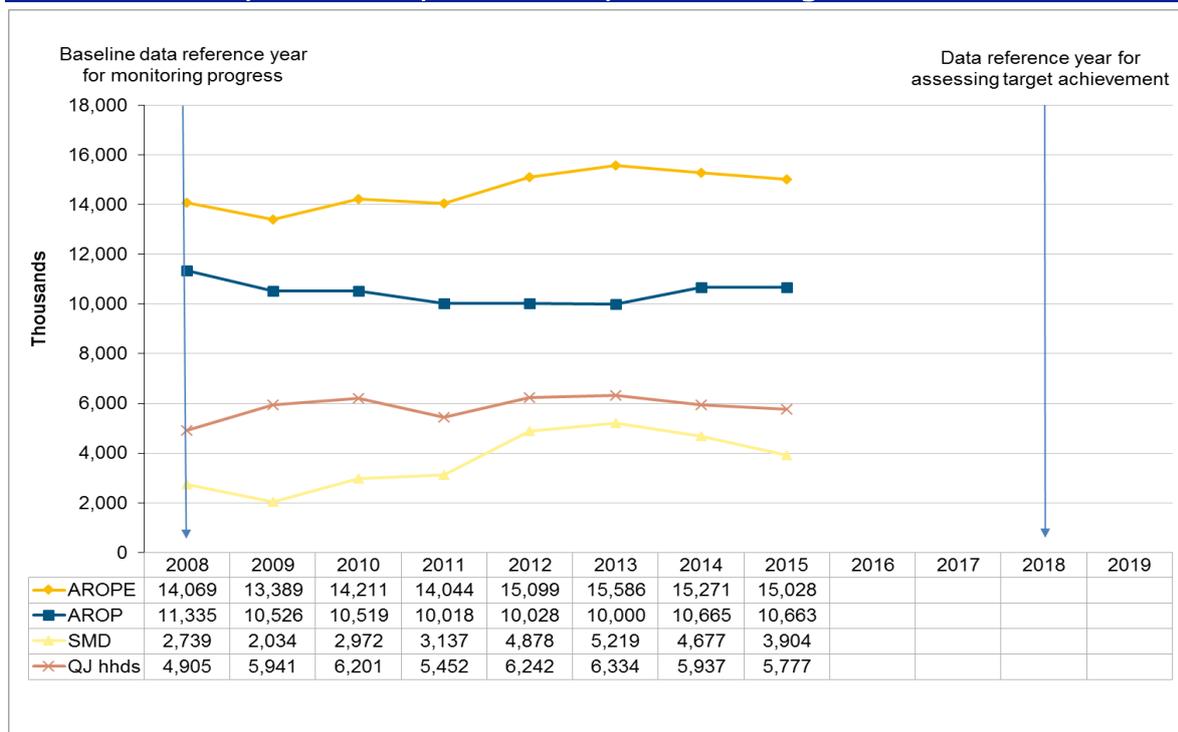


Source: EU-SILC, Statistical annex to ESPN Synthesis Report (Frazer, H. and Marlier, E. (2017))

The same is true for the overall population (Figure 2). The AROPE rate is higher in 2015 than it was in 2008. The AROP number is lower, thanks to a fall in pensioner poverty. But severe deprivation and quasi-worklessness are both higher than in 2008.

<sup>1</sup> <http://www.crae.org.uk/publications-resources/un-crc-committees-concluding-observations-2016/>

<sup>2</sup> See statistical annex to Frazer, H. and Marlier, E. (2017), "Progress in the implementation of the 2013 EU Recommendation on Investing in children: Breaking the cycle of disadvantage: A study of national policies, European Social Policy Network (ESPN). Brussels: European Commission

**Figure 2: Trends in number of people (whole population) at risk of poverty or social exclusion, thousands, 2008-2015, United Kingdom**

Source: EU-SILC, Statistical annex to ESPN Synthesis Report (Frazer, H. and Marlier, E. (2017))

There is a break in series in EU-SILC for the UK; but national data paints a similar picture (see Annex, Figure 1). The main reasons for this increase in child poverty have been and will continue to be the cuts in in-work benefits<sup>3</sup> - in particular:

- The freezing of the level of most working age benefits until 2020;
- The limiting of child tax credits and universal credit (from April 2017) to two children only,<sup>4</sup> the lowering of the benefit cap<sup>5</sup> and the many cuts to universal credit<sup>6</sup>;
- Cuts in support for housing costs, particularly the 'bedroom tax' (housing benefit cut for social housing tenants judged to have spare room(s)) and local rent limits.

These must be set against an improvement in employment that has contributed to 67 per cent of children in poverty in the UK now having a parent in employment. The introduction of the increased national minimum wage for those aged 25 or more, though welcome, does not mitigate the benefit cuts for families with children. As universal credit replaces tax credits, it will further reduce the incomes of families with children – especially low-income families.

The 2010 Child Poverty Act targets have been abandoned<sup>7</sup> and we are no longer on course to achieve any of them (see Annex, Figure 2). The UK is set to slide down the international

<sup>3</sup> See Appendix 2 to 2016 country report for UK for list of main cuts to benefits and tax credits

<sup>4</sup> Bradshaw, J. (2017) UK benefits restricted to two child in a family likely to increase child poverty, ESPN Flash Report, <file:///Y:/NAP/ESPN%20-%20Flash%20Report%202017-20%20-%20UK%20-%20April%202017.pdf>

<sup>5</sup> Turn2Us (a debt advice charity) reports some women affected ringing up for advice on entitlement in order to decide whether to continue with their pregnancy; it expects more with the 2-child limit (*The Guardian*, 3.5.17)

<sup>6</sup> CPAG (2017) 'Broken promises: What has happened to support for low-income working families under universal credit': <http://www.cpag.org.uk/content/broken-promises-what-has-happened-support-low-income-working-families-under-universal-credit>

<sup>7</sup> <http://ec.europa.eu/social/keyDocuments.jsp?advSearchKey=ESPNFlash&mode=advancedSubmit&langId=en&policyArea=750&subCategory=751&type=0&country=22&year=2015>

league table. Now the Institute for Fiscal Studies<sup>8</sup> expects relative child poverty to increase from 18.8% in 2014/15 to 26.6% in 2021/22 before housing costs and from 29% to 35.8% after housing costs.

The UK government tends to emphasise behaviour and to highlight families with complex problems (see below), rather than child poverty more generally, or specific at risk groups. The UN CRC, for example, was concerned about the rights of children in trouble with the law and those seeking asylum (paras 75-78).<sup>9</sup> In 2016 the UK granted asylum or another form of leave to over 8,000 children;<sup>10</sup> there was controversy over its recent rather limited acceptance of child refugees,<sup>11</sup> and the government has recently increased the offer for unaccompanied children from Europe. The CRC also drew attention to the need for adequate and culturally sensitive accommodation for Roma, Gypsy and Traveller children in Scotland.

## 2 Assessment of overall approach and governance

In terms of an **integrated strategy**, our view is that the current government’s approach is not comprehensive and integrated, given its lack of attention to structural causes of child poverty and exclusion, and its focus on a small group with multiple problems.

In relation to whether it has a **child rights approach**, the government describes its aim as ensuring that ‘every child has the chance to make the most of their talents’, with an emphasis on saving for the future.<sup>12</sup> This seems not to focus so much on ensuring security in the present. Indeed, the UN CRC 2016 report on the UK<sup>13</sup> raised a range of concerns. It was ‘seriously concerned’ at the impact of recent fiscal policies and allocation of resources ‘in contributing to inequality in children’s enjoyment of their rights, disproportionately affecting children in disadvantaged situations’ (para. 11). The UN CRC<sup>14</sup> called for an extension of the child’s right to have their best interests taken as a primary consideration. The situation in relation to **relevant stakeholders and involvement of children** has not changed much since 2013, when the government had a ‘Positive for Youth’ cross-governmental approach.<sup>15</sup>

The **balance between universal and targeted** provision has shifted even further towards means testing, but means-tested provision has itself been further reduced. There has been an emphasis on **multiple disadvantage** since 2013, but this often threatens to overwhelm concerns about child poverty and exclusion more generally, and with a focus on worklessness rather than including in-work poverty. In relation to **assessment** of the impact of policies on children, the key problem is not the absence of information, but the failure to prioritise investment in children since the crisis. The Children’s Commissioners in each of the four nations have expressed similar concerns about the impact of austerity on children; the CRC would like to see their powers in Northern Ireland and Wales strengthened. Overall, instead of **protecting children from the crisis**, fiscal consolidation had been the dominant influence since 2010 and 2013, distributing resources away from families with children and those on low incomes and overwhelming the aims of

<sup>8</sup> Hood, A. and Waters, T. (2017) ‘Living standards, poverty and inequality in the UK: 2016–17 to 2021–22’: <https://www.ifs.org.uk/publications/8957>. See also Corlett, A. & Clarke, S. (2017) *Living Standards 2017*, London: Resolution Foundation: <http://www.resolutionfoundation.org/publications/living-standards-2017-the-past-present-and-possible-future-of-uk-incomes/>

<sup>9</sup> <http://www.crae.org.uk/publications-resources/un-crc-committees-concluding-observations-2016/>

<sup>10</sup> House of Commons *Hansard*, Written Statements 26 April 2017, cols. 65WS-68WS

<sup>11</sup> Apparently due in part to an administrative error

<sup>12</sup> House of Commons *Hansard*, 27 April 2017, cols. 1231-1234, Queen’s Speech

<sup>13</sup> See <http://www.crae.org.uk/publications-resources/un-crc-committees-concluding-observations-2016/>

<sup>14</sup> <http://www.crae.org.uk/publications-resources/un-crc-committees-concluding-observations-2016/>

<sup>15</sup> <http://dera.ioe.ac.uk/13470/1/positive%20for%20youth%20-%20what%20it%20means%20for%20young%20people.pdf>

the Child Poverty Strategy.<sup>16</sup> Revenue foregone on direct tax cuts had been paid for by reductions in benefits, particularly for families and those on low incomes. In relation to **attention to vulnerable groups**, the government has highlighted mental health and discrimination since Theresa May became PM. Evaluation of the Troubled Families programme for multiply disadvantaged families in England<sup>17</sup> showed initial government claims of success as inflated.<sup>18</sup> But it has been expanded, with an emphasis on tackling worklessness and a revised system of payments for performance incentives.<sup>19</sup>

The devolved administrations' approaches may differ. The Scottish government, for example, appointed an independent advisor on poverty and inequality in 2015, who published a first report, including a focus on young people's life chances. It is planning to activate the socio-economic clause in the original Equalities Act. Most importantly, it has developed a child poverty strategy, with related targets to achieve by 2030.<sup>20</sup> The Welsh government also developed a child poverty strategy in 2015.

### 3 Pillar 1 – Access to resources

Policies to **support parents' active participation in the labour market** have been important for all recent governments. This has in part comprised investment and support. Childcare provision has been expanded, not just to promote children's early years' development but also to support parents' (especially mothers') employment (see Pillar 2). Parents may now<sup>21</sup> be entitled to shared parental leave (SPL),<sup>22</sup> and some can get statutory shared parental pay. SPL replaces maternity leave and eligible parents can split it (on top of up to 2 weeks of paid paternity leave),<sup>23</sup> with 39 of 52 weeks paid. SPL can only be taken in whole weeks; but parents can take leave together. Many employers provide more than the minimum.

There is little incentive for fathers to take SPL. It relies on the mother giving up part of her maternity leave and pay is no higher. The impact assessment estimated 2-8% of fathers would take SPL; actual figures seem to be towards the bottom of this range.<sup>24</sup> The Modern Families Index 2017 survey<sup>25</sup> says the UK risks creating a 'fatherhood penalty' as more men want to spend more time with their families but cannot do so.

Parental leave - up to 18 weeks per parent per child (but only 4 weeks maximum each year) - is different from SPL, and is unpaid. The International Leave Network 2016 UK report<sup>26</sup> finds a gap of 4-16 months before universal ECEC entitlement after leave ends (and nearly 3 years after well-paid leave ends). Provision for the self-employed should be reviewed. Consultation on extending SPL and pay was delayed. A legal review has been

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<sup>16</sup> Bradshaw, J. & Bennett, F. (2014) Investing in Children: Breaking the cycle of disadvantage – a national report: UK, Brussels: European Commission

<sup>17</sup> <http://www.niesr.ac.uk/publications/national-evaluation-troubled-families-programme-final-synthesis-report#.WJdlevmLTDC>

<sup>18</sup> <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2015/troubled-families-16-17/>

<sup>19</sup> HM Government (2017) Improving Lives: Helping Workless Families: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/605838/improving-lives-helping-workless-families-print-version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/605838/improving-lives-helping-workless-families-print-version.pdf)

<sup>20</sup> <http://www.gov.scot/Publications/2014/03/5304>

<sup>21</sup> <http://www.parliament.uk/business/bills-and-legislation/public-reading/children-and-families-bill/parental-leave-and-pay/>

<sup>22</sup> <https://www.gov.uk/shared-parental-leave-and-pay-employer-guide/overview>;  
<https://www.maternityaction.org.uk/advice-2/mums-dads-scenarios/shared-parental-leave-and-pay/>

<sup>23</sup> <https://www.gov.uk/paternity-pay-leave/leave>

<sup>24</sup> HMRC data, cited in *Daily Telegraph*, 8 August 2016 (2% of families in which mothers took maternity leave)

<sup>25</sup> Published by Working Families: <https://www.workingfamilies.org.uk/wp-content/uploads/2017/01/Modern-Families-Index-Full-Report.pdf>

<sup>26</sup> [http://www.leavenetwork.org/fileadmin/Leavenetwork/Country\\_notes/2016/United\\_Kingdom.pdf](http://www.leavenetwork.org/fileadmin/Leavenetwork/Country_notes/2016/United_Kingdom.pdf)

announced, as so many cases of pregnancy related dismissals were reported.<sup>27</sup> The right to request flexible working has been extended to all employees with 26 weeks’ service.<sup>28</sup>

There has been a focus on help from work advisors in Jobcentre Plus – although the approach remains largely one of work first,<sup>29</sup> rather than human capital development, and spending on active labour market policies is still relatively modest. One of the main drivers of the reduction in child poverty in recent years has been the increased labour supply of lone parents. But in addition to the carrots of child care and activation support, there have also already been the sticks of the ratcheting up of conditionality and the imposition of increased numbers of (a more severe system of) sanctions.<sup>30</sup> The government’s recent emphasis has been on halving the disability employment gap.<sup>31</sup> This includes a focus on workless families with a health problem (and will include tackling dependency on drugs and alcohol by placing employment at the heart of recovery where appropriate)<sup>32</sup>. But simultaneously employment and support allowance is being cut to the same level as jobseeker’s allowance for the work related activity group.

The most common route into poverty is due to losing work,<sup>33</sup> but it is clear that there has been an increase in the proportion of children living in working poor households – from 54% to 67% between 2006/07 and 2015/16. Employment is hardly a guarantee of moving out of poverty if that work is low paid, episodic or part time. The net income of a lone parent or one-earner couple with children, working full-time on the minimum wage and claiming all the in-work benefits and tax credits they are entitled to, is still not guaranteed to exceed the poverty threshold. In those circumstances, work is only a route out of poverty if it achieves pay well above the so-called ‘national living wage’, if there is more than one earner in the household, or if the other adult has another source of income (e.g. insurance benefits).<sup>34</sup> This is shown in annex Table 1).

Policies to **provide adequate living standards** have not seen an optimum mix of cash and in kind benefits since 2013. Low-income families with children took the biggest hit. Because women tend to rely more on benefits, and because they also tend to be the recipients of benefits for children, they have been hard hit too.<sup>35</sup> Austerity policies following the 2010 election started to bite more harshly after 2013, when freezes in benefits, and cuts that had to be legislated, began to take effect. An inquiry by MPs expressed concern about the impact on children’s health in particular.<sup>36</sup> Annex 2 contains more evidence on the distributional consequences of the cuts.

<sup>27</sup> Reported in *The Guardian*, 26 January 2017

<sup>28</sup> <http://www.acas.org.uk/media/pdf/s/7/The-right-to-request-flexible-working-the-Acas-guide.pdf>

<sup>29</sup> As noted in the Commission staff working document country report for the UK, 2016, for example

<sup>30</sup> See, for example, Rabindrakumar, S. (2017) *On the Rise: Single parent sanctions in numbers*, London: Gingerbread: <https://gingerbread.org.uk/uploads/media/17/10052.pdf>; Ariss, A. et al. (2014) *Who Benefits? An independent inquiry into women and Jobseeker’s Allowance*, London: Fawcett Society: <https://www.fawcettsociety.org.uk/2014/02/whobenefits-2/>

<sup>31</sup> HM Government (2016) *Improving Lives: The Work, Health and Disability Green Paper*: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/564038/work-and-health-green-paper-improving-lives.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/564038/work-and-health-green-paper-improving-lives.pdf)

<sup>32</sup> HM Government (2017) *Improving Lives: Helping workless families*: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/605838/improving-lives-helping-workless-families-print-version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/605838/improving-lives-helping-workless-families-print-version.pdf)

<sup>33</sup> Barnes, M., Lord, C. & Chanfreau, J. (2015) *Exploring the Routes into and out of Child Poverty*, Research Report 900, London: Department for Work & Pensions/Government Social Research

<sup>34</sup> Bradshaw, J. and Bennett, F. (2016) *European Social Policy Network Thematic Report on Minimum Income Schemes – UK* [link here](#).

Swaffield, J., Snell, C., Tunstall, B. and Bradshaw, J. (2017) ‘An evaluation of the living wage: identifying pathways out of in-work poverty’, *Social Policy and Society* accepted 24 Jan 2017

<sup>35</sup> <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06758#fullreport>

<sup>36</sup> All Party Parliamentary Group on Health in All Policies (2016) *Inquiry: child poverty and health – the impact of the Welfare Reform and Work Bill 2015-16*, London: All Party Parliamentary Group on Health in All Policies

## 4 Pillar 2 – Access to affordable quality services

The coalition government’s strategy was to protect the **education and health** budgets and this has continued with the present government. But between 2009/10 and 2014/15, real spending on education actually fell and health spending increased. During this period, the education system had to cope with rising school rolls on a falling budget. Spending on employment policies and **housing** fell. But spending on social protection increased. This increase in social protection expenditure is attributable to increases in spending on pensions and disability benefits, and (until 2015) housing benefit. Spending on family benefits has taken the biggest hit. Within the education budget, there has been a very large fall in spending on the post-secondary non-tertiary and tertiary sectors. A new formula is being introduced for school funding. But primary and secondary schools with the poorest pupils are set to lose most, according to analysis by an NGO and a teachers’ union.<sup>37</sup>

A UK recommendation from the Commission in 2016 drew attention to the problems in accessing affordable, high quality **child care**. The developments in childcare policy are described in Annex 3. There has been a reduction in spending on the under-5s since 2013-14. The UN CRC, whilst expressing concern about children’s **mental health**, welcomed the government focus on this; a Green Paper on children’s and young people’s mental health is due shortly. But two select committees have warned that schools are cutting mental health services because of funding pressures.<sup>38</sup> The government recognises the need for enough affordable **housing**. But the failure to achieve this means more children living in private rented housing, leading to more frequent house moves; many families are also forced by benefit cuts or lack of social housing to move away from their support networks and communities.<sup>39</sup> The £550m to tackle homelessness in this parliament is largely focused on rough sleeping, whilst many more families are spending longer in temporary accommodation (criticised by the CRC report).<sup>40</sup> There is concern about universal credit delays causing large rent arrears<sup>41</sup> and the Trussell Trust said food bank referrals more than double in areas with full rollout.<sup>42</sup>

The participation age has been raised to 18; young people are in full-time **education**, work/volunteering combined with part-time education or training, or a traineeship or apprenticeship. Traineeships, launched in 2013, give 6 months’ training for 16- to 24-year-olds to develop skills to compete for an apprenticeship or a good job. There is now less financial help for teenagers from low-income families staying on in education, however; and numbers of part-time mature students in England (often lone parents or disabled people) have plummeted following changes in financing and eligibility rules.<sup>43</sup>

**Family support** has increasingly been directed at those at risk (apart from a short-term voucher scheme for parenting support). The recent focus on parental conflict in workless families appears to ignore the evidence of the link with financial stress, meaning that ‘low-income couples are at greater risk of relationship stress and breakdown’.<sup>44</sup> The Children and Social Work Act sets out a new framework for **children in care**. But a survey of directors of children’s services carried out by a parliamentary inquiry found that 89%

<sup>37</sup> Analysis by Child Poverty Action Group and National Union of Teachers, reported in *Financial Times*, 18.4.17

<sup>38</sup> The Guardian, 2.5.17

<sup>39</sup> The Guardian, 5.4.17

<sup>40</sup> <http://www.crae.org.uk/publications-resources/un-crc-committees-concluding-observations-2016/>

<sup>41</sup> Oral evidence at Work and Pensions Select Committee hearing on universal credit, 23.1.17

<sup>42</sup> Reported in *The Guardian*, 25.4.17

<sup>43</sup> The Guardian, 2.5.17

<sup>44</sup> Stock, L., Corlyon, J., Castellanos Serrano, C. & Gieve, M. (2014) *Personal Relationships and Poverty*, Tavistock Institute/Joseph Rowntree Foundation, p54

reported finding it increasingly challenging to fulfil their statutory duties to children in need in the last five years.<sup>45</sup>

## 5 Pillar 3 – Children’s right to participate

**Play, recreation, sport and cultural activities** are generally the responsibility of local government, which has taken the largest hit in terms of cuts in public expenditure. The Association of Public Service Excellence draws attention to ‘those services which communities really value’, such as swimming pools and parks, have been cut harder and faster than any other area of public service spending.<sup>46</sup> Over 200 playgrounds were closed in England from 2014-16.<sup>47</sup> The government in Wales developed a play strategy and plans to integrate children’s right to play in relevant policies. But a play and leisure policy was withdrawn in England, and under-funding of such policies is apparent in the other 3 nations, according to the UN CRC.<sup>48</sup> The National Citizen Service (giving volunteering opportunities to young people) has been put on a permanent legislative basis; but youth services have been subject to a large range of cuts and restrictions.<sup>49</sup>

In relation to **children’s participation in decision-making that affects their** lives, the UN CRC was concerned about the impact of the cuts to legal aid (currently under review) on children’s right to be heard.<sup>50</sup> There is a UK Youth Parliament,<sup>51</sup> which has members from local areas, meets with MPs every year, and calls for votes at 16 (but which is described by some as tokenistic). In Northern Ireland, the equivalent body does not have sustainable funding so is currently not operating. Scotland has an active Children’s Parliament,<sup>52</sup> and there are votes at 16 for local and parliamentary elections. In Wales, there is a campaign for a Children and Young People’s Assembly - debated by the National Assembly in 2016.<sup>53</sup> The Children’s Rights Alliance for England is a key NGO in relation to keeping children’s rights on the agenda.

The Office for National Statistics has begun to publish measures of child well-being.<sup>54</sup> According to the Good Childhood Report, child well-being stopped improving around 2010<sup>55</sup> and the 2015 PISA survey found that the life satisfaction of 15-year-olds in Great Britain came in the bottom third of the international league table.<sup>56</sup> Also the evidence of responses by children in England to the Children’s Worlds Survey is that we had the lowest proportion of children out of 15 countries who said they knew what rights they had (36%) and the second lowest (29%) who knew about the UN Children’s Rights Convention; but 56% felt that adults generally respected child rights.<sup>57</sup>

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<sup>45</sup> National Children’s Bureau, for All Party Parliamentary Group for Children (2017) *No Good Options: Report of the inquiry into children’s social care in England*:

<https://www.ncb.org.uk/sites/default/files/uploads/No%20Good%20Options%20Exec%20Summary.pdf>

<sup>46</sup> Reported in *The Guardian*, 25.4.17

<sup>47</sup> *The Guardian*, 13.4.17

<sup>48</sup> <http://www.crae.org.uk/publications-resources/un-crc-committees-concluding-observations-2016/>

<sup>49</sup> <http://www.nya.org.uk/supporting-youth-work/policy/cuts-watch/>;

<http://www.cypnow.co.uk/cyp/news/1158579/youth-services-cut-by-gbp387m-in-six-years>

<sup>50</sup> See <http://www.crae.org.uk/publications-resources/un-crc-committees-concluding-observations-2016/>

<sup>51</sup> <http://www.ukyouthparliament.org.uk/>

<sup>52</sup> <http://www.childrensparliament.org.uk/about-us/>

<sup>53</sup> [http://www.funkydragon.org/files/6314/7682/0887/AfW\\_Results\\_Eng.pdf](http://www.funkydragon.org/files/6314/7682/0887/AfW_Results_Eng.pdf)

<sup>54</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/datasets/childrenswellbeingmeasures>

<sup>55</sup> <http://www.childrenssociety.org.uk/what-we-do/research/the-good-childhood-report>

<sup>56</sup> <http://www.oecd.org/pisa/PISA-2015-Results-Students-Well-being-Volume-III-Overview.pdf>

<sup>57</sup> [http://www.isciweb.org/\\_Uploads/dbsAttachedFiles/ChildrensWorlds2015-FullReport-Final.pdf](http://www.isciweb.org/_Uploads/dbsAttachedFiles/ChildrensWorlds2015-FullReport-Final.pdf)

## 6 Addressing child poverty and social exclusion and child well-being in the European Semester

We can find no occasion when *Investing in Children* as a specific strategy or document has featured in UK policy discussions, and the UK *National Reform Programme 2016* does not mention it, though the Welsh government is described as focusing on families with children (and other groups/issues) in line with the Europe 2020 strategy.<sup>58</sup> CSRs have frequently focused on child poverty and child care;<sup>59</sup> and the 2017 Commission country report (p27) described child poverty as 'worryingly high', with the number living in working households a 'particular concern' and the cumulative effect of welfare reforms and cuts continuing to mount in future (p28).

Indeed, there has been a steady stream of reports expressing anxiety at the lack of investment in children and the impact of austerity on them. As well as those referred to earlier, there is growing concern about generational inequality. The Intergenerational Foundation has focussed recently on the problems of student debt<sup>60</sup> and the Resolution Foundation has established the Intergenerational Commission, which has begun to produce a series of reports on inequality between the generations,<sup>61</sup> and for which updated work on comparing different birth cohorts' contributions and receipts will be carried out. The Work and Pensions Select Committee reported on the same topic; the government argued that it was important to spare future generations from unpayable public debt, and that it aimed to ensure economic security at all life stages.<sup>62</sup>

Out of 48 indicators of children's well-being,<sup>63</sup> 27 improved between 2010 and 2015, for 8 there was no change, and 13 worsened. But in comparative perspective the picture was less positive – out of 48 indicators the UK came in the top third of countries on only 12 indicators, middle third on 23 indicators and bottom third on 13 indicators.

## 7 Mobilising relevant EU financial instruments

A section of the UK government website is about ESIFs.<sup>64</sup> Allocations were initially rejected by the High Court in 2013 as the government had not conducted an equality impact assessment.<sup>65</sup> The UK has been allocated EUR 5.148bn in relevant areas: 35.7% for employment, 21.2% for social inclusion (mainly equal opportunities) and 39.8% for education (mainly lifelong learning and apprenticeships). So far the UK has spent 6.7% of the amount allocated and 3.9% of the total including national contributions.<sup>66</sup>

In England ESIFs are managed by 39 Local Enterprise Partnerships, who provide updates on spending.<sup>67</sup> The ERDF Operational Programme (OP) for England<sup>68</sup> emphasises growth. One of its eight objectives is promoting social inclusion, combating poverty and any discrimination, with a projected spend of 1.4% (compared to 40.4% on SMEs). This will support community-led local development in some areas in the one 'less developed' English

<sup>58</sup> <https://www.gov.uk/government/publications/europe-2020-uk-national-reform-programme-2016>

<sup>59</sup> <https://www.finance-ni.gov.uk/articles/country-specific-recommendations> provides a useful list of the CSRs

<sup>60</sup> <http://www.if.org.uk/>

<sup>61</sup> <http://www.intergenerationcommission.org/publications/>

<sup>62</sup> <https://www.publications.parliament.uk/pa/cm201617/cmselect/cmworpen/59/59.pdf>

<sup>63</sup> Bradshaw, J. (ed) (2016) *The Well-being of Children in the UK: Fourth Edition*, Bristol: The Policy Press

<sup>64</sup> <https://www.gov.uk/guidance/england-2014-to-2020-european-structural-and-investment-funds>; see also [http://ec.europa.eu/regional\\_policy/en/information/publications/factsheets/2016/european-structural-and-investment-funds-country-factsheet-united-kingdom](http://ec.europa.eu/regional_policy/en/information/publications/factsheets/2016/european-structural-and-investment-funds-country-factsheet-united-kingdom) and <https://cohesiondata.ec.europa.eu/countries/UK>

<sup>65</sup> <https://www.gov.uk/government/publications/eu-structural-funds-uk-allocations-2014-to-2020>

<sup>66</sup> Calculated from table sent by Commission to ESPN members

<sup>67</sup> <https://www.lepnetwork.net/esif-programmes/>

<sup>68</sup> DCLG (2015) *European Regional Development Fund England operational programme 2014 to 2020 Executive Summary*:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/441622/ERDF\\_OP\\_Executive\\_Summary\\_FINAL\\_030715.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/441622/ERDF_OP_Executive_Summary_FINAL_030715.pdf)

region, to overcome persistent barriers to growth and employment and reduce poverty and social exclusion risks through improved access to growth and development opportunities. Some 2,950 enterprises are estimated to get support by 2023.

The ESF’s OP for England<sup>69</sup> highlights inclusive growth and notes relevant CSRs, including on child poverty, but does not include children in the groups at highest risk of discrimination or exclusion. Priorities include inclusive labour markets and skills for growth. Relevant priority groups include lone parents (with targets on getting and sustaining employment); women returners and other women outside the labour market; and young unemployed people, especially NEETs. Allocations are about 60% on employment and social inclusion and 40% on skills.

**Wales** will get the highest EU funds of any region/smaller nation.<sup>70</sup> By early April 2017, it had invested £1.33bn (65% of its 2014-2020 allocation).<sup>71</sup> Its approved projects<sup>72</sup> include several involving those with childcare responsibilities (including Parents, Childcare and Employment (PaCE) for 16- to 24-year-olds) though these are often amongst several project target groups; NEETS targeted by projects also often include young lone parents. Children are also targeted if they are at risk of becoming NEET. **Scotland**<sup>73</sup> has one strategic ESIF intervention for social inclusion and poverty reduction, including increasing income and money management skills for disadvantaged households, helping workless, lone-parent and low-income households to increase skill levels and find work and enabling disadvantaged communities to develop anti-poverty solutions. **Northern Ireland (NI)**<sup>74</sup> uses the ESF to reduce economic inactivity and enhance the skills base. The list of operations from the first call (2015-18)<sup>75</sup> include three focused on women, several for young people and NEETs, and in particular several ‘family support’ projects totalling significant sums and including multi-faceted support.

The UK fulfilled relevant ex-ante conditionalities. There is some contradiction between its claims that measures address CSRs and its comments on the small scale of EU funding. In general, pillar 3 is not reflected in the (summary) documents examined here; a range of projects could be seen as relevant to pillar 1, especially because of the emphasis on employment, but there is little focus on families with children, especially two-parent families; pillar 2 issues are hardly mentioned except for general family support. As noted by NI, some uncertainty was induced by Brexit and this may have affected applications.

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<sup>69</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/461596/ESF\\_Operational\\_Programme\\_2014\\_-\\_2020\\_V.01.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461596/ESF_Operational_Programme_2014_-_2020_V.01.pdf); update to be published in autumn 2017

<sup>70</sup> <http://ukandeu.ac.uk/fact-figures/how-important-are-eu-structural-funds-across-the-uk-regions/>

<sup>71</sup> <http://gov.wales/funding/eu-funds/2014-2020/approved-projects/?lang=en>

<sup>72</sup> <http://gov.wales/docs/wefo/publications/170421-approved-projects.pdf>

<sup>73</sup> <https://beta.gov.scot/policies/european-structural-funds/> (currently new website being piloted)

<sup>74</sup> <https://www.finance-ni.gov.uk/articles/european-structural-and-investment-fund-programmes-northern-ireland>

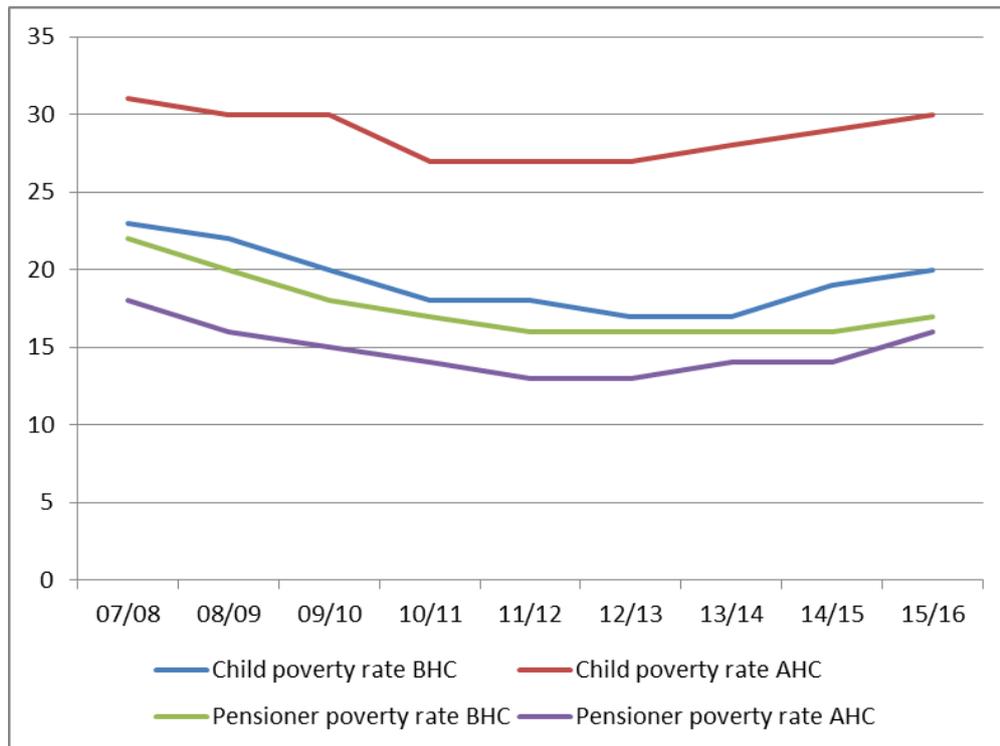
<sup>75</sup> <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/DfE%20ESF%20List%20of%20Operations.pdf>

**Annex: Summary Table – Progress since February 2013**

Policy area or approach	Overall have policies/ approaches been strengthened, stayed much the same or been weakened since February 2013 (in the light of the EU Recommendation)?		
	Stronger	Little Change	Weaker
<b>Governance</b>			
Multi-dimensional strategy with synergies between policies			<b>x</b>
Children's rights approach & effective mainstreaming of children's policy and rights			<b>x</b>
Evidence-based approach			
Involvement of relevant stakeholders (including children)			<b>x</b>
			<b>x</b>
<b>Access to resources</b>			
Parents' participation in the labour market	<b>x</b>		
Child & family income support			<b>x</b>
<b>Access to services</b>			
ECEC	<b>x</b>		
Education		<b>x</b>	
Health		<b>x</b>	
Housing & living environment			<b>x</b>
Family support & alternative care		<b>x</b>	
<b>Children's right to participate</b>			
in play, recreation, sport & cultural activities			<b>x</b>
in decision making		<b>x</b>	
<b>Addressing child poverty and social exclusion in the European Semester</b>			<b>x</b>
<b>Mobilising relevant EU financial instruments</b>		<b>x</b>	

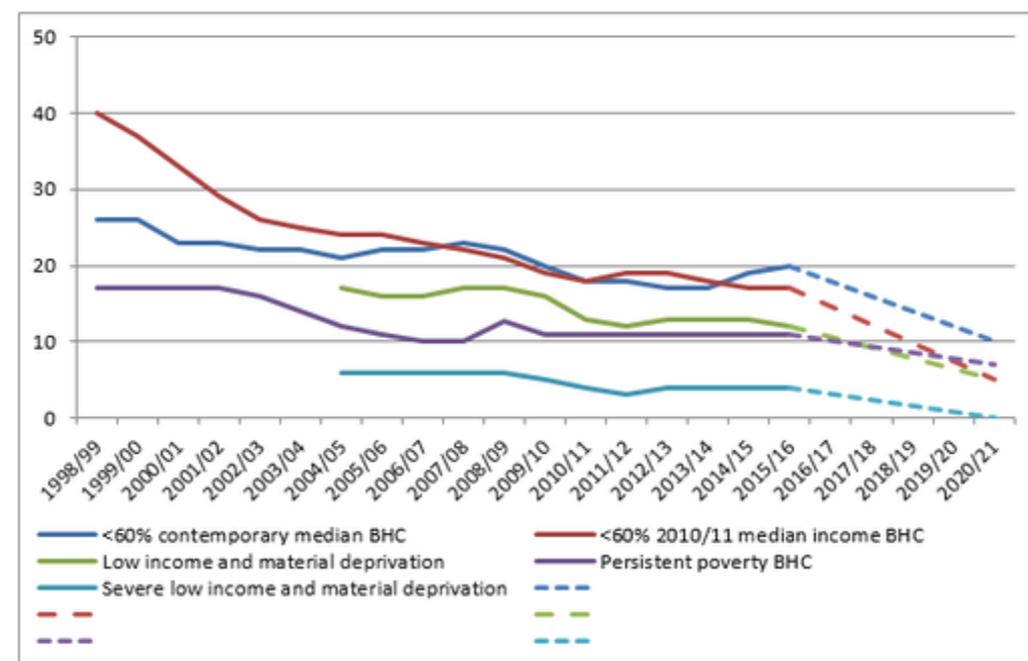
## Annex 2: Figures and Table

**Figure 1: Trends in child and pensioner poverty**



Source: Households Below Average Income: 1994/95 to 2015/16

**Figure 2: Trends in the Child Poverty Act targets**



Source: Households Below Average Income: 1994/95 to 2015/16

**Table 1: Child poverty rates by working status of parents 2015/16**

	Before housing costs (BHC)	After housing costs (AHC)
<b>All lone parents</b>	27	47
<b>All couples with children</b>	18	24
<b>Lone parent working full-time</b>	15	29
<b>Couples with children both working full-time</b>	3	5
<b>Couples with children one parent in full-time work</b>	26	37

Source: Table 4: DWP (2017) Households below average income

### Annex 3: Analysis of the distributional consequences of austerity

Analysis by Beatty and Fothergill<sup>76</sup> of the post-2015 changes concluded that they would take almost £13 (EUR 15.2)bn/year from claimants by 2020/21. This brings the cumulative loss since 2010 to £27 (EUR 31.6)bn/year – equivalent to £690 (EUR 807)/year for every adult of working age. The new reforms would also have an uneven impact across the country. As a general rule, the more deprived the local authority the greater the financial loss.<sup>77</sup> A key effect of welfare reform is to widen the gap in prosperity between the best and worst local economies across the country. 83% of the losses from the post-2015 reforms – £10.7 (EUR 12.5)bn/year by 2020/21 – was expected to fall on families with dependent children. On average, couples with two or more dependent children would lose £1,450 (EUR 1697)/year, while lone parents with two or more would lose £1,750 (EUR 2048)/year. These reforms would hit working-age tenants in the social rented sector particularly hard – on average almost £1,700 (EUR 1989)/year losses, compared to £290 (EUR 339)/year for working-age owner-occupiers. Overall, £6.2 (EUR 7.3)bn per year of the financial loss arising from the post-2015 welfare reforms – just under half – was estimated to fall on working-age social sector households.

The cuts for individuals will be partially offset by the introduction of a new (wrongly named) 'national living wage'. This will add a premium to the national minimum wage for those aged 25 or over, taking it up to £7.50 (EUR 8.78) from April 2017, and a planned £9 (EUR 10.53) by 2020, pegged to 60% median earnings.<sup>78 79</sup> There have also been some mitigating changes to benefits since the analysis above was carried out (including a reduction in the universal credit taper rate from 65 to 63%). Parallel real increases in personal tax allowances, reductions in social sector rents and improvements in childcare entitlement and support for costs also go some way to compensate; but winners and losers are only sometimes the same people, and for many it is unlikely that the full financial loss will be offset.<sup>80</sup>

The government under Theresa May promised that no further cuts were planned. But some cuts are only just taking effect – such as the removal of entitlement to the housing element of universal credit for rent for most 18- to 21-year-olds; the Scottish government will

<sup>76</sup> (Note that these studies do not include the effect of the mitigating measures taken by the government in 2016.) See also Beatty, C. & Fothergill, S. (2016). *The Uneven Impact of Welfare Reform: The financial losses to places and people*, Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University: [http://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/welfare-reform-2016\\_1.pdf](http://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/welfare-reform-2016_1.pdf)

<sup>77</sup> Confirmed by more recent analysis by the Association for Public Service Excellence (*The Guardian*, 25.4.17)

<sup>78</sup> [http://blogs.lse.ac.uk/politicsandpolicy/the-national-living-wage-a-policy-experiment-well-worth-trying/?utm\\_content=buffer2b6f0&utm\\_medium=social&utm\\_source=twitter.com&utm\\_campaign=buffer](http://blogs.lse.ac.uk/politicsandpolicy/the-national-living-wage-a-policy-experiment-well-worth-trying/?utm_content=buffer2b6f0&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer)

<sup>79</sup> <http://resolutionfoundation.org/publications/analysing-the-national-living-wage-and-its-impact-on-britains-low-pay-challenge/>

<sup>80</sup> For example, see analysis by Child Poverty Action Group and Institute for Public Policy Research of support for low-income working families under universal credit: <http://www.cpag.org.uk/content/broken-promises-what-has-happened-support-low-income-working-families-under-universal-credit>

extend the Scottish Welfare Fund to help protect these young people. The changes to bereavement support reducing the amount and length of payment for benefits from many widow(er)s with children also came into effect in April 2017.

#### **Annex 4: Developments in childcare**

A government survey in March 2016 found that 53% of mothers not in the labour market in England would prefer to go to work if they could get quality, reliable and affordable child care.<sup>81</sup> Part-time free **early education** was extended to some disadvantaged 2-year-olds (20%, and then 40% by September 2014), with different criteria in Scotland, though with eligibility criteria widening later to reach an estimated 27%.<sup>82</sup> In principle, they should be placed only in 'good'/'outstanding' settings, though this is not true in practice for 1 in 4.<sup>83</sup> Take-up is incomplete.

Local authorities have a duty to secure sufficient child care for children up to the age of 14, as far as practicable. From April 2017, tax exemption is being phased in for 20% of childcare costs up to a maximum, providing up to £2,000 (EUR 2340)/year per child for under-12s and up to £4,000 for disabled children under 17 for some 2 million middle-/higher-income families.<sup>84</sup> This works via a private account, replacing vouchers from (some) employers.<sup>85</sup> Families where all parents work and earn above a certain amount and who do not get tax credit/universal credit support will qualify. There will be a £100,000 (EUR 117,000)/year earnings limit per parent, which will be a 'cliff edge', rather than triggering a taper; some have argued that a pay rise could therefore result in a loss of income.<sup>86</sup> An Act made some minor and technical amendments to the rules in November 2016.<sup>87</sup>

Means-tested help (85% of costs, up to a ceiling per child for 1 or at most 2 children) will also be extended to those in 'mini jobs' of under 16 hours/week and made more flexible via universal credit.<sup>88</sup> Concerns about upfront costs, inflexibility and changes to arrangements<sup>89</sup> resulted in the previous government amending this. A recent report expressed concern about the level of the costs ceiling in means-tested help, and called for subsidy simplification.<sup>90</sup> And a review suggested more help for those with younger children, quarterly payments, in the medium term paying providers direct and in the longer term moving to a more universal supply-side system.<sup>91</sup> Child care could be better designed to tackle poverty, according to a report for the Joseph Rowntree Foundation.<sup>92</sup>

The Conservatives' promise to double free early education for 3-/4-year-olds to 30 hours/week for 'working parents' will be introduced from September 2017, with an additional £50m of funding to create new places. The government reviewed childcare costs

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<sup>81</sup> Reported in *The Observer*, 20 March 2016: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/516924/SFR09-2016\\_Childcare\\_and\\_Early\\_Years\\_Parents\\_Survey\\_2014-15\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/516924/SFR09-2016_Childcare_and_Early_Years_Parents_Survey_2014-15_report.pdf)

<sup>82</sup> Written Ministerial Statement (2013), House of Commons *Hansard*, London: TSO, 19 March

<sup>83</sup> See House of Lords Select Committee report, *Affordable Childcare* (2015):

<https://www.publications.parliament.uk/pa/ld201415/ldselect/ldaffchild/117/11702.htm>

<sup>84</sup> House of Commons *Hansard*, Debates 28 January 2016, cols. 207WH-222WH (Childcare Payments Act 2014)

<sup>85</sup> HM Treasury (2014) Tax-Free Childcare: The government's response to the consultation on childcare account provision, London: HMT

<sup>86</sup> See, for example, *Financial Times*, 5-6 December 2015

<sup>87</sup> Small Charitable Donations & Childcare Payments Bill, 3rd Reading: House of Commons *Hansard*, 15 November 2016, col. 207

<sup>88</sup> Written Ministerial Statement (2013), House of Commons *Hansard*, London: TSO, 19 March

<sup>89</sup> Citizens Advice (2014) The Practicalities of Childcare: An overlooked part of the puzzle?

<sup>90</sup> See note above on House of Lords Select Committee report on Affordable Childcare

<sup>91</sup> Finch, D. (2015) Making the Most of UC: Final report of the Resolution Foundation review of Universal Credit, London: Resolution Foundation

<sup>92</sup> <https://www.jrf.org.uk/report/creating-anti-poverty-childcare-system>

in 2015.<sup>93</sup> In late 2015, the then Chancellor announced revisions to the proposed changes.<sup>94</sup> The extension will now apply only to parents with individual incomes of under £100,000 ( EUR 117,000)/year and at least an amount equivalent to 16 hours’ work per week at the ‘national living wage’ (up from 8 hours).<sup>95</sup> The government sees this as a test of income, not of hours worked.<sup>96</sup>

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/479659/151124\\_Analytical\\_review\\_FINAL\\_VERSION.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479659/151124_Analytical_review_FINAL_VERSION.pdf)

<sup>94</sup> HM Treasury (2015) *Spending Review and Autumn Statement 2015*, Cm 9162, London: HMT

<sup>95</sup> According to the Secretary of State for Education, this will be 16 hours at the national minimum wage for under-25-year-olds (who do not qualify for the ‘national living wage’). In Scotland all children will be entitled

<sup>96</sup> House of Commons *Hansard*, 25 November 2015, col. 1445

