

Consultation response

**Measuring child poverty:  
A consultation on better measures of  
child poverty**

February 2013

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## Introduction

Shelter welcomes the opportunity to comment on proposals for a new definition of child poverty. We also welcome the reaffirmation that this is to support the goal of abolishing child poverty by 2020. It is essential that any new measure captures the true extent of poverty; helps ensure that resources and policies are effectively targeted; and commands political and public support. We argue below that housing circumstances must form part of this measure, but that income will remain central to an understanding of poverty. Tackling housing need by addressing its structural causes, specifically an under-supply of decent, affordable and secure family homes, provides a route to lift children out of poverty and improve their outcomes.

Shelter welcomes the recognition in the consultation that the lack of a decent income will always be at the heart of what it means to be poor. Access to decent housing is one issue that can be directly improved by increasing income, although efforts to increase the underlying supply of decent, affordable housing will also remain crucial. Frank Field's review of poverty and life chances endorsed this point and explicitly acknowledged that housing is one of the areas where additional income is effective at tackling inadequacies<sup>1</sup>. We would not wish to endorse a measure that downplayed the impact of income levels – both absolute and relative - on people's housing outcomes and on children's wider life chances.

## Developing a housing indicator

The consultation document proposes a child poverty measure which combines an assessment of current poverty and life chances. A housing-focused measure supports both of these approaches; being both indicative of current deprivation and also an indicator of poor outcomes for child, particularly in relation to health and education.

### Q1. Are there other dimensions we should consider for inclusion in a multidimensional measure of child poverty?

The consultation proposes including poor housing in a multidimensional measure and we support this approach.

We question whether a new multidimensional measure is required alongside the existing definitions of child poverty set out in the Child Poverty Act 2010. The current relative income measure is balanced with four other indicators. This addresses ministers' concerns that the level of child poverty is overly dependent on broader fluctuations in wages. The persistent and severe poverty indicators capture changes in the depth or persistence of poverty; the absolute poverty measure and measure of material deprivation ensure that concerns that an income threshold may not always capture real changes in living standards are already addressed. In particular the measure of material deprivation captures many of our concerns around the interaction between poor housing and poverty.

### Q2 – How should we measure income as a dimension in a future multidimensional measure of child poverty? How important are relative and absolute income?

We recommend that income, whether relative or absolute, be measured after housing costs to further capture the impact a lack of decent, affordable housing has on low income households. Housing is one of the biggest cost pressures for families, particularly those living in the private rented sector, and high housing costs may significantly reduce a family's disposable income and standard of living.

We question the view put forward in the consultation that households may be choosing to spend a large proportion of their income on housing in order to access better quality accommodation. While this may be the case in some instances, in general housing costs are heavily influenced by tenure and location. Families in the private rented sector or higher cost regions such as London and the South East will always struggle to reduce their housing expenditure, despite compromising on quality, unless they are able to move to a cheaper tenure or region.

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<sup>1</sup> Field F, The Foundation Years: preventing poor children becoming poor adults. 2010

Looking at income before housing costs significantly reduces the number of children categorised as poor and distorts our understanding of poverty due to failings in the housing system. Children in privately renting families and in London are at particular risk of exclusion from pre-housing cost measures because of their higher than average housing costs.

In 2010/11 2.3 million children were in households below the poverty line (ie with incomes below 60 per cent of median income). This increased to 3.6 million children when income was measured after housing costs<sup>2</sup>.

Measuring income after housing costs would also incentivise policy responses beyond income transfers, as affordability could also be improved by increasing the supply of genuinely affordable, good quality homes, which could also address many of the aspects of housing need discussed below. This would support the governments' ambition for policy solutions to reduce child poverty that go beyond income transfers and begin to tackle the structural causes of poverty.

We support the use of the relative income measure. To be poor is not just to lack the resources to buy essentials, but to lack the resources to buy those things which are considered essential by society. Poverty is an issue not just of material deprivation but social exclusion, and considering whether a family is socially excluded has an inherently relative dimension to it.

Absolute income is also important, as are attempts to measure poverty over time, and it will be helpful to report child poverty in both relative and absolute terms. For this reason we support the approach enacted by the Child Poverty Act, which measures progress against four definitions of child poverty.

### Q3 – How does the ownership of assets such as a house affect our understanding of poverty?

Homeownership has been in decline since the early noughties and low income households are likely to find it increasingly inaccessible in the long-term<sup>3</sup>. But presently it remains the dominant tenure and for this reason the majority of poor families own their own home, although poor families are less likely to be owner-occupiers than the population as a whole<sup>4</sup>.

Personal wealth in the UK is increasingly tied up in housing, and a family paying a large monthly mortgage is acquiring an asset, unlike a family paying the same amount to a landlord. However, housing wealth may be less realisable than other assets. A family experiencing a sudden drop in income is unlikely to be able or willing to release equity from their home to supplement disposable income.

In some respects homeownership could be treated as a risk factor for poor households, rather than a positive advantage. Owner-occupiers are more likely to live in a non-decent home than households renting from a local authority or housing association landlord<sup>5</sup>. Low income working homeowners are not entitled to support with housing costs, unlike renters who are eligible for housing benefit. This can mean that low income homeowners have a lower disposable income than their renting counterparts. Furthermore homeowners are liable for the cost of repairs and maintenance that will usually be borne by landlords. This exposes low income homeowners to financial risks that can erode other savings or push families into debt.

On balance, the role of housing asset ownership in an understanding of poverty is complex and should not be adopted as a factor in any proposed measure.

## Proposed dimension four: Poor housing

### Q10 – How important is poor housing as a dimension in a future multidimensional measure of child poverty?

If the government pursues a multidimensional measure it will be very important to include housing as an aspect. Poor housing is a cause of poverty, through high housing costs which reduce disposable

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<sup>2</sup> DWP, Households Below Average Income 2010/11, 2012

<sup>3</sup> Cambridge Centre for Housing and Planning Research, Housing In Transition, Shelter and Resolution Foundation, 2012.

<sup>4</sup> English Housing Survey Household Report 2010-11.

<sup>5</sup> English Housing Survey 2011-12

income, and can also act as a work disincentive<sup>6</sup>. Poor housing is also a reliable indicator of existing deprivation, with a strong correlation between households living in poverty and those in housing that is damp, in disrepair, non-decent or overcrowded<sup>7</sup>. Finally poor housing has also been shown to impact negatively on children's outcomes and life chances, particularly relating to health and education.

[Against the Odds](#), a comparative study carried out by Shelter, looked at the lives of children growing up homeless and in bad housing and the impact this had on their outcomes and future life chances compared to those of other children. The report revealed that children living in bad housing faced huge disadvantages<sup>8</sup>.

Further research commissioned by Shelter highlighted the negative immediate and long-term impacts homelessness and bad housing has on children and young people's life chances in adulthood<sup>9</sup>. The findings showed that bad housing is linked to lower educational attainment and increased risks of unemployment and poverty.

There are further advantages to incorporating housing into the measure of poverty. Housing offers a number of robust, objective indicators which can be measured using existing data sets. For example, the English Housing Survey is published annually and captures:

- Income and housing costs
- Percentage spend on housing costs pre and post HB
- Income and energy efficiency
- Overcrowding and space
- Dwelling condition and dwelling safety – using HHSRS, disrepair, dampness, non-decent.
- Energy efficiency
- Equity in the home
- Disability

#### Q11 – What aspect of poor housing should be captured in a measure?

There are a number of aspects of poor housing that could be incorporated into the measure. The consultation document defines poor housing as housing that is cold, damp, overcrowded, poorly repaired or in an unsafe or isolated area. We would agree with this list and consider the merits of these indicators below. We also recommend that the impact of insecure housing and homelessness be considered for inclusion in the measure.

#### Overcrowding

This measure correlates very strongly with income, suggesting that lack of sufficient bedrooms is a reliable indicator of deprivation caused by low income. 23% of households in the bottom quintile want but cannot afford sufficient bedrooms for their older children, compared to 0% of households in the top quintile<sup>10</sup>.

The Joseph Rowntree Foundation's work on Minimum Income Standards suggests the public do appreciate the need for adequate space and privacy and that a measure based around overcrowding could have popular support<sup>11</sup>.

Unlike some other indicators, overcrowding is likely to reflect the long-term circumstances of a household (because families are unlikely to temporarily downsize to an overcrowded home during a temporary drop in income) so it is less vulnerable to fluctuations than some other measures and is therefore a reliable indicator of persistent poverty. Because overcrowding is not dependent on

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<sup>6</sup> Shelter, [Bricks or Benefits? Rebalancing housing investment](#). 2012

<sup>7</sup> English Housing Survey Household Report 2010-11.

<sup>8</sup> Shelter. [Against the Odds, an investigation comparing the lives of children on either side of Britain's housing divide](#). Nov 2006.

<sup>9</sup> Harker, L. [Chance of a Lifetime, the impact of bad housing on children's lives](#). Shelter. Sept 2006

<sup>10</sup> DWP, Households Below Average Income, 2010/11

<sup>11</sup> Joseph Rowntree Foundation, [A Minimum Income Standard for Britain](#), 2008

employment status it can also capture working households unable to meet their legitimate housing needs.

Overcrowding has been linked to negative outcomes for children's health and education:

- Property size is associated with improved educational and cognitive outcomes even after controlling for other factors including parenting and number of siblings<sup>12</sup>.
- Children living in overcrowded housing are more likely to experience respiratory problems, contract TB and suffer from poor growth<sup>13</sup>.
- Overcrowding impacts on children's educational outcomes due to disturbed sleep, a lack of space to study and delayed cognitive development<sup>14</sup>.
- Seven in ten overcrowded families interviewed by Shelter said overcrowding had a damaging influence on their child's educational outcomes and development<sup>15</sup>.

#### **Poor conditions and unfitness**

Households living in poverty are more likely to live in damp housing or accommodation in deep of repair<sup>16</sup>. Low income homeowners responsible for their own repairs and maintenance in particular may struggle to maintain decent conditions. Families in the private rented sector are also at risk of poor conditions, with a high proportion of PRS stock failing to meet the decent home standard<sup>17</sup>.

Poor physical conditions will also make it more difficult for a family to adequately heat their home, increasing the risk of fuel poverty. Inadequate heating can exacerbate damp problems linked to poor health.

#### **Stability and security**

Families housed in the private rented sector can expect a minimum of a six month tenancy. Frequent moves in childhood have been linked to poorer physical and psychological health and behaviours such as illegal drug use, heavy drinking and smoking<sup>18</sup>. Recent research also found that nearly a quarter of children who had been forced to move in the past year had low levels of well being<sup>19</sup>.

Statutorily homeless households will increasingly be forced to accept accommodation in an unstable private rented sector following the passing of the Localism Act. This risks creating a revolving door of homelessness as families will be placed in insecure accommodation.

Traditionally homeless families have eventually been offered permanent social housing, but often after a prolonged stay in temporary accommodation (TA). Homeless families in TA have even less security and are particularly likely to suffer poorer outcomes. The insecurity of temporary accommodation impacts negatively on children's educational outcomes. One study found that children miss an average of 55 school days due to the disruption of moves into and between TA placements<sup>20</sup>. Other studies have drawn links between homelessness and behavioural problems such as hyperactivity, aggression and impulsivity, and ongoing developmental delays in communication skills<sup>21</sup>.

We recommend that the measure should acknowledge the impact of insecurity and frequent moves. This would encourage the use of policy levers to improve stability for families, including the adoption of Shelter's proposal for a Stable Rental Contract<sup>22</sup>. This would guarantee families a five year tenancy with

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<sup>12</sup> E Jones et al. Family Stressors and Children's Outcomes. Department for Education.2013

<sup>13</sup> Shelter, *Chance of A Lifetime*, 2006

<sup>14</sup> Shelter, *Chance of A Lifetime*, 2006

<sup>15</sup> Shelter, *Full House*, 2005

<sup>16</sup> English Housing Survey Household Report 2010-11.

<sup>17</sup> English Housing Survey Household Report 2010-11..

<sup>18</sup> Brown et al, [Childhood residential mobility and health in late adolescence and adulthood](#), Journal of Epidemiology and Community Health, 2012.

<sup>19</sup> The Children's Society, [Promoting Positive Well-being for Children](#), 2012.

<sup>20</sup> Shelter, [Living in Limbo](#), 2004

<sup>21</sup> Shelter, [Chance of a Lifetime](#), 2006

<sup>22</sup> Shelter, [A Better Deal – towards more stable private renting](#), 2012

predictable rent increases. Greater use of the more stable rental contracts would improve children's outcomes by reducing the risk factors above, and help protect low income families from unforeseen income pressures by linking rent increases to inflation.

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### **Until there's a home for everyone**

Shelter helps over a million people a year struggling with bad housing or homelessness – and we campaign to prevent it in the first place.

We're here so no-one has to fight bad housing or homelessness on their own.

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