



Briefing: Review of Poverty and Life Chances

Introduction

This briefing addresses two of the aims of the Review of Poverty and Life Chances chaired by the Rt Hon Frank Field MP: to examine the case for reforms to poverty measures and to explore how children's home environment affects their life chances. It covers:

- **Definition and measurement of poverty**
- **Education**
- **Health**
- **Early intervention and prevention**

1. Definition and measurement of poverty

There was a significant change to the way that child poverty is measured in 2003. Before this time, the main child poverty indicator was based on the incomes of the poorest families relative to the incomes of the population as a whole. For these purposes, income was measured both before and after housing costs were deducted.

However, it was decided that in future income would be measured on a 'before housing costs basis' only. Shelter has always opposed a move to this definition as it does not provide a complete picture of poverty, as many families have to pay disproportionately high housing costs due to location or type of accommodation. At present levels a further 2.4 million people are driven into poverty because of the high relative cost of their housing, yet are omitted from official figures. In more expensive areas such as London this becomes more pronounced.

The most recent data shows that before housing costs, 22 per cent of children in London are living in poverty, but this proportion rises to 39 per cent (and 44 per cent for inner London) when housing costs are factored in, compared with 31 per cent for the UK as a whole.

In particular, high costs of privately renting can push households into poverty. Compared with other tenures, and with housing costs factored in, 54 per cent of children in private rented households live below the poverty line. The changes to Local Housing Allowance

(LHA) announced in the emergency budget on 22 June 2010 are likely to increase this number further. The cap on LHA at the four-bedroom rate and the reduction in LHA levels to the 30th percentile of market rents, rather than the median, will leave more tenants struggling to afford the cost of living. At current levels of LHA, 48 per cent of all claimants face shortfalls of almost £100 a month between the LHA they receive and the rent they have to pay. Following the changes, there will be more facing a shortfall and the shortfalls will be bigger, leading to a significant increase in poverty levels.

2. Education

Bad housing and child poverty are inextricably linked. Homelessness, poor housing conditions and overcrowding all have significant negative impacts on a child's development. Shelter's research has found that homeless children in temporary accommodation are often forced to move school frequently, thus missing out on class time and stable influences. Children who live in bad housing are also five times as likely to lack a quiet place to do their homework as other children.

There are also serious implications for children later on in life. The risks to a child's educational achievement due to bad housing have a long-term effect on their economic well-being, and disrupted schooling is more likely to result in unemployment or working in insecure or low-paid jobs during adulthood. Moreover, increased duration of living in accommodation in a poor state of repair is significantly associated with getting into trouble with the police.

3. Health

Poor housing conditions also have a long-term impact on health. Living in substandard housing can have a profound impact on a child's physical and mental development, with implications for both their immediate and future life chances. Research has found that children living in overcrowded and unfit accommodation are almost a third more likely to suffer respiratory problems such as chest problems, breathing difficulties, asthma and bronchitis. In addition, ninety per cent of respondents to a Shelter survey said their children had suffered poor health through living in temporary accommodation. The longer families had lived in temporary accommodation, the more likely they were to attribute their worsening health to their accommodation.

In terms of the impact on mental health, homeless children are three to four times more likely to have mental health problems than other children, even one year after being rehoused.

There is also a knock on effect to family relationships; research has found that overcrowding can have a detrimental impact on the quality of relationships between parents and children, and between siblings.

4. Early intervention and prevention

We are acutely aware of how important early intervention is in tackling poverty, particularly among children. Shelter provides a number of frontline services that take preventative approaches to improve outcomes and life-chances for children and young people. We run two services based in Knowsley and Bristol that offer comprehensive needs assessments and follow up family support to improve children's housing situations, as well as their health, education and safety needs.

Knowsley prevents families from becoming 'intentionally' homeless; while Bristol provides advocacy and liaison with local agencies and other services to help families become more independent in the longer term. Shelter also runs two peer education projects based in Gloucestershire and Rotherham. These recruit, train and support young people who have experienced homelessness and/or housing need to become peer educators and to provide a programme of homelessness prevention education and awareness-raising in schools, colleges and other youth settings.

Findings from the interim evaluation of Shelter's children's services indicate that these services offer good value for money. The return on investment, in terms of potential savings for statutory agencies related to primary family risk alone, is between £4 and £7 for every £1 invested in the projects. Other impacts and outcomes of the services include: an 86 per cent reduction in risk of unhealthy lifestyles and 86 per cent reduction of children at risk of not attending or enjoying school; reduced stress and friction within families; and improved social skills, confidence and aspirations for children and young people.

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