

**Introduction**

Across Ireland, Barnardos services are seeing daily the impact of the recession on children and families, many of whom are struggling to cope against a backdrop of reduced household income and widespread cuts to public services. Many of these families were already struggling before the recession and the current national economic climate is exacerbating what was already a dire situation for many children.

**Experiences of living in poverty**

Nearly all the families that Barnardos works with have seen their household income reduce in the past two years. This is largely due to cuts in social welfare, Child Benefit, adult training grants and the removal of the Christmas bonus. Families are struggling with every day costs such as food, heat and rent. There has been an increase in the number of families resorting to money lenders who charge exorbitant interest rates and weekly debt collections are common in many of the areas where Barnardos works. The vicious cycle of debt and poverty is becoming more and more entrenched as families struggle to pay for necessities, borrow to get by and then face increasing financial hardship due to low incomes coupled with huge interest repayments.

For children, increased financial difficulty at home can impact in a number of ways including:

- Experiencing hunger more often.
- Living in a damp and cold house as bills are unable to be paid regularly and the threat of being cut off from essential services such as heat and gas is significant.
- Families needing assistance not only at expensive times of year such as Christmas and sending children back to school but throughout the year including summer holidays with some youth services now charging for their summer programme where they didn't have to before.
- Parents bringing their sick child to the pharmacist to get a diagnosis as they cannot afford to go to the doctor.
- Children being unable to host or attend birthday parties or to attend school trips or participate in any extracurricular activities.

*“One family is going to the swimming baths as their ‘holiday’.”*

The cutbacks to essential educational, health and public services is also having a detrimental affect on children living in poverty. The consequences of such cuts will impact on children now and into the future. Common experiences include:

- Delays in National Educational Psychological Service assessments being undertaken to determine whether additional educational supports are needed.

- Cuts in the total number of support staff so fewer available for allocation to schools and children. These include Special Needs Assistants, resource teachers, language support teachers and Visiting Teachers for Traveller children.
- Cuts to the Home School Community Liaison Officers meaning that the vital link between home and school is lost, placing increased pressure on teaching staff and resulting in children's needs not being assessed early on.
- Delays in developmental health checks being conducted, with the result that problems can become entrenched as children are older when problems are identified and remedial action sought.
- The continued under resourcing of mental health services for children and young people resulting in children waiting unacceptable amounts of time for access to crucial assessment and treatment facilities.

*“One school reported to Barnardos’ staff that they have three National Educational Psychological Service (NEPS) assessments for the whole year for a pupil population of 250.”*

*“Twin girls were each receiving speech and language therapy and occupational therapy, but these staff went on maternity leave and were not replaced with the result that one of the twins regressed significantly.”*

### **Scale and Statistics on child Poverty**

The real life incidences of the impact of living in poverty bring the statistics to life. Unsurprisingly, as Barnardos has seen more families struggling with financial hardship, the numbers of individuals and children living in poverty has increased. In 2009, the level of households living in consistent poverty rose to 5.5% from 4.2% in 2008<sup>1</sup>. This increase makes attaining the Government target under *Towards 2016* of eliminating consistent poverty by 2016 all the more difficult.

By international standards, the comparative analysis for 2008 shows Ireland had an at risk of poverty rate of 15.5% in comparison to an EU27 average of 16.5%, ranking Ireland 13th highest in the EU-27 in 2008. The highest at risk of poverty rates in 2008 were in Latvia (25.6%) and Romania (23.4%) while the lowest rates were in the Czech Republic (9.0%) and the Netherlands (10.5%).

### **At Risk of Poverty**

The at risk of poverty rate is calculated as the percentage of persons with an equivalised disposable income of less than 60% of the national median income. The at risk of poverty threshold was €12,064 for 2009, a decrease of over 3% from €12,455 in 2008. Using this measurement, the EU SILC study showed that in 2009:

- Children (aged 0-17) remained the most vulnerable age group at risk of poverty with a rate of 18.6%.
- People living in lone parent households continued to be the most vulnerable group experiencing the highest *at risk of poverty* rate at 35.5%.

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<sup>1</sup> CSO (2010) EU-Standards of Income and Living Standards 2009, [www.cso.ie](http://www.cso.ie)

- People living in households where no person was at work account for almost 63% of the at risk of poverty population but make up only more than 28% of the population, This was a marked increase on 2008 when households where no person worked accounted for just over 50% of the at risk of poverty population across this group.
- The highest regional at risk of poverty rate was recorded for persons living in the Midland region at 23.5%. Persons living in the Mid-West had the next highest at risk of poverty rate at 18.9%, followed closely by those living in the South-East region (18.3%). The lowest regional at risk of poverty rate in 2009 was recorded for Dublin (8.3%).

### Consistent Poverty

Using the consistent poverty rate which combines relative income poverty (i.e. the *at risk of poverty* rate) with material deprivation, the EU SILC study showed that in 2009:

- The percentage of people in consistent poverty in 2009 was 5.5%, an increase of 1.3% recorded in 2008. This amounts 26,684.
- 91,954 children (aged 0-17) continued to live in consistent poverty in 2009. That's enough children to fill the Aviva Stadium twice and Croke Park once, including filling the pitch. This is a rate of 8.7% in 2009, up from the 6.3% recorded in 2008, compared with 1.3% of persons aged 65-74 and 0.9% of persons aged 75 or over.
- Individuals living in households headed by an unemployed person represented 31.1% of the population in consistent poverty in 2009, an increase from 16.8% in 2008. Unsurprisingly, households headed by an unemployed person increased in 2009 accounting for 11% of the general population, an increase from 5.8% in 2008.
- Individuals living in households that were rented at the market rate showed a significant increase in their rate of consistent poverty rising from 2.9% in 2008 to 8.3% in 2009.
- People with a medical card had a higher consistent poverty rate than those without a medical card (11.5% compared with 1.8%) while their consistent poverty rate increased from 9.8% in 2008 to 11.5% in 2009.

### Over In-Debtedness

The EU SILC study examined the issue of the experience of getting into debt in order to cover daily expenses. Worryingly it found that:

- In 2009, almost one quarter of households were in arrears on one or more of the following items: utility bills, rent or mortgage payments, hire purchase agreements or other loans/bills. This compares with a rate of just over 10% in 2008.
- Almost 48% of households stated that they would be unable to meet an expense of €1,085 without borrowing.
- More than 11% of households had to go into debt in 2009 to meet ordinary living expenses. This figure was up from just over 9% in 2008.

### Deprivation Indicators

Enforced deprivation refers to the inability to afford basic specific goods or services. An individual was considered deprived if they experienced at least two of the eleven forms of enforced deprivation associated with consistent poverty. The EU SILC findings highlight the scale of deprivation and how it has increased in the recent past:

- Individuals living in households with children showed an increase in reported deprivation rates of two or more items, between 2008 and 2009. Households comprising two adults with one to three children and other households with children each reported an increase of approximately three percentage points between years.
- Lone parent households reported the highest levels of deprivation with almost 63% of individuals from these households experiencing one or more forms of deprivation.
- Individuals living in households renting at below the market rate or rent free (i.e. Local Authority housing) reported the highest levels of deprivation, with 50.9% of these individuals experiencing two or more items of enforced deprivation. This figure showed an increase from 40.1% in 2008.

In 2009 a special module on material deprivation was included in the SILC survey and the results of an analysis of this module are included below. In particular, questions about deprivation were asked relating specifically to children (aged under 16):

- In many cases deprivation rates for children were low, but for children who were at risk of poverty, the rates were higher across all types of deprivation.
- In 2009, just under 2% of children reported being unable to participate in school trips or events that cost money, while the rate increased to 7.4% for children living in households that were at risk of poverty.
- The results indicated that less than 2% of children could not afford a new pair of shoes while the rate rose to 4.2% for children who were at risk of poverty in 2009.
- That a child was unable to afford to participate in leisure activities was reported by 2.1% of households, while children who were at risk of poverty reported a rate of 6.7% for the same item of deprivation in 2009.
- More than 4% of children who were at risk of poverty did not have a suitable place to study at home in 2009 while this rate was just over 1% for the overall population.

### Importance of Social Protection Payments

According to UNICEF, the importance of statutory assistance cannot be underestimated because while most countries would have child poverty rates of around 10% to 15% without government intervention and aid, Ireland's rate would rise to 34%<sup>2</sup>. Only the UK (27%) and Hungary (29%) would come close to Ireland's position on the bottom of the table on child poverty rates.

The report shows that intervention by governments is necessary to cut child poverty rates and that Ireland's rate would be over three times greater without state benefits. Without benefits from social welfare payments and the use of tax exemptions, child poverty rates in

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<sup>2</sup> UNICEF (2010) Report Card 9: The Children Left Behind

Ireland would be three times greater than countries like Denmark and the Netherlands.

### **Government Response to it**

As can be seen both the scale and impact on children living in poverty is very significant and real – affecting all aspects of their childhood, often depriving them of the opportunities needed to reach their full potential as they grow towards adulthood.

The importance of statutory assistance cannot be underestimated. The increases awarded to Child Benefit rates and social welfare rates in general during the Celtic Tiger era did see tangible results as the scale of consistent child poverty reduced from 10.5% in 2005 to 6.3% in 2008. However, the loss of €16 per month to Child Benefit in 2010, coupled with lower adult social welfare rates and elimination of the Christmas bonus has resulted in an increase of consistent child poverty up to 8.7% in 2009. This equates to an increase of 26,684 children bringing the total number of children living in consistent poverty to 91,954.

The Budgetary cutbacks announced for 2011 has seen a further €8 weekly reduction in adult social welfare payments and €10 per child per month reduction. Unlike 2010, when compensatory measures were given to those targeted families in receipt of Qualified Child Increase and Family Income Supplement, no such measures have been granted for low income families. These collective cutbacks will inevitably see the rate of child poverty increase again.

Barnardos believes that the Government has failed to recognise that poor children grow up in poor households. All reductions in social welfare payments will have an adverse affect on children as parents struggle with daily costs. The ramifications of these decisions will be felt for generations to come as children strive to break the intergenerational cycles of poverty and disadvantage.

### **Child Income Supports Reform – A Long Term Strategy**

Within the Department of Social Protection, a Value for Money Review on Child Income Supports was conducted in 2010<sup>3</sup>. Within the report there is an acknowledgement that increased spending on cash supports under the current structure of payments may not necessarily lead to better child outcomes and impacts. Therefore, various options were explored on ways to reform the range of Child Income Supports to improve outcomes.

These included:

<b>Options explored and rejected</b>		
Continuing to reduce the rate of Child Benefit and increase targeted payments while also reforming their criteria for eligibility. Danger of further creating disincentives to take up or increase paid work.	Tax Child Benefit – All families would receive it but its value would vary depending on each family's income. Not likely to have significant impact on child poverty. Also issue of how to	Means Test Child Benefit – Would improve the targeting of the payment by applying a threshold for household income and taper withdrawal at certain income levels. High levels of resources

<sup>3</sup> Department of Social Protection (2010) A Policy and Value for Money Review of Child Income Support and Associated Spending Programmes , [www.welfare.ie](http://www.welfare.ie)

	tax would be collected i.e. at source or coding.	needed to administer such a scheme. Danger of creating disincentives to take up or increase paid work, complexity of understanding to entitlements and potential stigma associated with means tested payments.
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Recommended Reform of Integrated Child Income Supports

The Value for Money Review recommends the following structural changes to Child Income Supports in the hope of achieving better outcomes for children. The elements include:

- Replace Child Benefit with a **basic flat rate per child payment** for all children
- Replace Qualified Child Increase with **Child Income Support Supplement A**(for those on social welfare i.e. replace current QCI but make changes so only paid until child is 18 years and pay monthly not weekly)
- Replace child related component of Family Income Supplement (FIS) with **Child Income support Supplement B** (those who take up low paid employment are invited to take this up as Supplement A would be withdrawn, similar to FIS). Presently, FIS has a dual role in addressing both work incentives for adults and child poverty objectives. This proposed payment recommends that these components be split with the intention of being a purely child specific payment. As a consequence it is recommended a technical, operational and financial feasibility study be undertaken to redesigning FIS.
- Abolish the Back to School Clothing and Footwear Allowance by subsuming it into the supplement payment but pay it at a higher rate at critical times for families with children (e.g. September and December)

Concerns

It is likely that families currently in receipt of FIS would receive less as they switched to claiming the Child Income support Supplement B. This raises questions of compensatory measures for these families (especially for small families) to ensure they do not sink further into poverty. Therefore any reform of the Child Income Supports in terms of rates and withdrawal processes must be closely aligned to working age payments. Also, FIS income limits should be kept under regular review taking account of trends in earnings, social welfare rates and poverty lines.

Conclusions

Barnardos sees the daily lived experiences of children’s lives blighted by poverty and knows how it will affect them throughout their childhood and adulthood. It is unsurprising that the scale of child poverty has increased during the recession as families are struggling to meet everyday costs. Families reliant on social welfare and in low paid employment have been extremely affected by the Government decisions to reduce social welfare payments and increase taxation across the income ranges. Any future reform of Child Income Supports must protect these families while not creating further poverty traps. Government strategy to tackle child poverty must also address the gaps in service provision for children and families in relation to childcare, education and health.