Briefing on End Child Poverty: Child Poverty Map of the UK 2012

(Presented to Families & Young People Programme Board)
11th April 2013

1.0 Introduction

1.1 In February 2013 the End Child Poverty campaign, a coalition of over 100 charities committed to ending child poverty published the report ‘Child Poverty Map of the UK’.

The report claims to provide a localised map of child poverty based on the closest possible measure to that used nationally by the UK Government to define child poverty – that is – the children in families in receipt of either out of work (means-tested) benefits, or in receipt of tax credits where their reported income is less than 60 per cent of median income, see Appendix A for a methodological note and a detailed definition of ‘child poverty’. The data in the report updates previous estimates of child poverty (2010) up to June 2012. This briefing note is for information purposes only, and attempts to highlight the findings in relation to Cardiff.

2.0 Background

2.1 Living in relative poverty damages children’s experiences of childhood and in a majority of cases causes harm to their life chances including economic and social inclusion as well as health and wellbeing. The Child Poverty Map of the UK report reinforces the spatial variation in numbers and proportions of children living in poverty previously highlighted by other studies such as the Wales Index of Multiple Deprivation 2011, 2008, 2005 & 2000 and the Child Index of Multiple Deprivation 2011 and 2008 to name a few.

2.2 Research recently published by ‘Save the Children’ has revealed the following about children and parents living in relative poverty:

- over half of parents in poverty (61%) say they have cut back on food and over a quarter (26%) say they have skipped meals in the past year;

- only a fifth of parents in poverty (20%) say they have not had to borrow money to pay for essentials, such as food and clothes, in the past year;

- approximately a fifth of parents in poverty (19%) say their children have to go without new shoes when they need them;

- a large number of children in poverty say they are missing out on things that many other children take for granted, such as going on school trips (19%) and having a warm coat in winter (14%).

2.3 The report recommends that local authorities in Wales should ensure that they are meeting their duties under the Children and Families (Wales) Measure 2010, to prepare and publish a strategy for contributing to the eradication of child poverty in Wales. Furthermore local authorities should ensure that they and their partners are contributing effectively to the aims of the Children and Families (Wales) Measure
2010, that progress be monitored and appropriate services are in place to meet local need. From April 2013, it is expected that action to tackle child poverty will be identified as a clear strategic priority in Single Integrated Plans.

3.0 Report Headlines for Cardiff

3.1 The report outlines the percentage and number of children living in poverty by local authority, UK Parliamentary Constituency and Electoral Division (or ward).

- Approximately 17,400 (24%) of children in Cardiff Unitary Authority are living in poverty;
- over 10,400 children live in Electoral Divisions falling within the worst 10%, or decile of poverty in the United Kingdom in terms of the percentage of children in poverty by Electoral Division (or ward);
- the Cardiff South & Penarth Constituency has the highest proportion (30%) of children living in poverty of Wales 40 constituencies, even higher than the Rhondda Constituency at 29%;
- within Cardiff, the Butetown Electoral Division has the highest proportion at 48%, closely followed by Ely with 47% and Adamsdown with 45%, &
- seven Electoral Divisions have more than 1,000 children living in poverty, Ely has the highest number with over 2,000.

4.0 A Summary of Analysis

4.1 Figure 1, below and overleaf, highlights that Cardiff has the third highest proportion of dependent children living in poverty out of Wales 22 local authorities. Only Blaenau Gwent and Merthyr Tydfil have higher percentages than Cardiff.
Figure 1: Percentage of Dependent Children Living in Poverty by Welsh Local Authority 2012

Figure 2, below and overleaf highlights the percentage of dependent children living in poverty for each of Wales 40 UK Parliamentary constituencies. Cardiff South & Penarth at 30% has the highest proportion of the 40 Welsh constituencies.
4.3 The figure above is a reminder of Cardiff’s dichotomy in terms of poverty reinforcing the continuation of ‘A Tale of Two Cities’, with Cardiff South & Penarth at the top of the poverty league table and the Cardiff North constituency having the lowest average child poverty of any Welsh constituency. It is important to remember that great variation exists within some constituencies at the small area level. Figure 3, below, highlights the spatial variation in the percentage of children living in poverty by Electoral Division in Cardiff.
4.4 The EDivs marked in red have between 35.8 and 48.3% of children living in poverty. It should come as no surprise that the pattern follows the established split between the north and ‘Southern Arc’ of the city. Figure 4, below and overleaf, highlights the number and percentage of children living in poverty at Electoral Division (EDivs) level, including the overall UK rank out of over 9,000 electoral wards in terms of the percentage of children living in poverty. The following eight EDivs: Butetown, Ely, Adamsdown, Splott, Caerau, Trowbridge, Llanrumney and Grangetown; have a percentage of resident children living in poverty high enough to place them in the worst 10% (decile) of poverty in the UK in terms of an overall UK rank. A total of more than 10,400 children in these eight EDivs live in poverty. Areas outside the City’s traditional ‘Southern Arc’ also have very significant numbers and percentages of children living in poverty, for example Pentwyn, Llandaff North and Fairwater. These figures and distribution match the spatial variation evidenced in the 2011 Child Index of Multiple Deprivation Income Domain map for Cardiff, see Appendix B.
**Figure 4: Percentage of Children Living In Poverty By Cardiff Electoral Division**

<table>
<thead>
<tr>
<th>Electoral Division</th>
<th>Number</th>
<th>Percentage</th>
<th>UK Rank Out Of [9,434]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butetown</td>
<td>672</td>
<td>48.3%</td>
<td>84</td>
</tr>
<tr>
<td>Ely</td>
<td>2,068</td>
<td>47.3%</td>
<td>100</td>
</tr>
<tr>
<td>Adamsdown</td>
<td>828</td>
<td>45.3%</td>
<td>124</td>
</tr>
<tr>
<td>Splott</td>
<td>1,387</td>
<td>41.1%</td>
<td>258</td>
</tr>
<tr>
<td>Caerau</td>
<td>1,251</td>
<td>39.1%</td>
<td>355</td>
</tr>
<tr>
<td>Trowbridge</td>
<td>1,774</td>
<td>37.1%</td>
<td>460</td>
</tr>
<tr>
<td>Llanrumney</td>
<td>1,013</td>
<td>35.8%</td>
<td>552</td>
</tr>
<tr>
<td>Grangetown</td>
<td>1,421</td>
<td>32.0%</td>
<td>890</td>
</tr>
<tr>
<td>Pentwyn</td>
<td>1,357</td>
<td>30.8%</td>
<td>1,038</td>
</tr>
<tr>
<td>Rumney</td>
<td>619</td>
<td>30.1%</td>
<td>1,138</td>
</tr>
<tr>
<td>Llandaff North</td>
<td>570</td>
<td>28.7%</td>
<td>1,319</td>
</tr>
<tr>
<td>Riverside</td>
<td>708</td>
<td>27.3%</td>
<td>1,523</td>
</tr>
<tr>
<td>Fairwater</td>
<td>778</td>
<td>27.1%</td>
<td>1,548</td>
</tr>
<tr>
<td>Cathays</td>
<td>183</td>
<td>22.2%</td>
<td>2,422</td>
</tr>
<tr>
<td>Plasnewydd</td>
<td>449</td>
<td>21.8%</td>
<td>2,532</td>
</tr>
<tr>
<td>Gabalfa</td>
<td>171</td>
<td>18.3%</td>
<td>3,302</td>
</tr>
<tr>
<td>Canton</td>
<td>486</td>
<td>16.5%</td>
<td>3,779</td>
</tr>
<tr>
<td>Llanishen</td>
<td>452</td>
<td>11.6%</td>
<td>5,469</td>
</tr>
<tr>
<td>Pontprennau/Old St. Mellons</td>
<td>253</td>
<td>10.8%</td>
<td>5,835</td>
</tr>
<tr>
<td>Whitchurch and Tongwynlais</td>
<td>299</td>
<td>9.0%</td>
<td>6,650</td>
</tr>
<tr>
<td>Penylan</td>
<td>199</td>
<td>8.7%</td>
<td>6,781</td>
</tr>
<tr>
<td>Heath</td>
<td>174</td>
<td>6.8%</td>
<td>7,729</td>
</tr>
<tr>
<td>Pentyrch</td>
<td>45</td>
<td>5.8%</td>
<td>8,170</td>
</tr>
<tr>
<td>Radyr</td>
<td>76</td>
<td>5.2%</td>
<td>8,421</td>
</tr>
<tr>
<td>Creigiau/St. Fagans</td>
<td>-</td>
<td>Below 5%</td>
<td>= 8,673</td>
</tr>
<tr>
<td>Cyncoed</td>
<td>-</td>
<td>Below 5%</td>
<td>= 8,673</td>
</tr>
<tr>
<td>Lisvane</td>
<td>-</td>
<td>Below 5%</td>
<td>= 8,673</td>
</tr>
<tr>
<td>Llandaff</td>
<td>-</td>
<td>Below 5%</td>
<td>= 8,673</td>
</tr>
<tr>
<td>Rhiwbina</td>
<td>-</td>
<td>Below 5%</td>
<td>= 8,673</td>
</tr>
</tbody>
</table>

**Notes:** - denotes the number is too small for disclosure, an equal rank has been applied to all areas with less than 5% of children living in poverty. A rank in red typeface indicates that the EDiv is in the worst 10%, or decile of percentage child poverty in the United Kingdom.
5.0 Conclusions

5.1 Members of the Programme Board are asked to note the findings of the report and that it confirms various previous research and statistical publications that have highlighted the extremes of poverty and relative wealth within the City.

5.2 The report highlights that the percentage or proportion of children living in poverty in parts of Cardiff’s ‘Southern Arc’, namely the Cardiff South & Penarth Parliamentary Constituency are the highest in Wales, and that relatively large numbers of children outside this area are also living in relative poverty. The spatial variation of income poverty has previously been shown to account for approximately 90% of the spatial variation of multiple deprivation, including health, skills & education, housing, employment and community safety.

Endnotes:

i http://www.endchildpoverty.org.uk/why-end-child-poverty/poverty-in-your-area


iii ‘Review for the Neighbourhood Renewal Unit of blueprint for the Index of Multiple Deprivation at a small area level’: ODPM, 2003.
Appendix A

End Child Poverty: Child Poverty Map of the UK (February 2013): Methodological Notes

These data have been compiled using the revised local child poverty indicator (formerly known as National Indicator 116), an official indicator of child poverty at local level and considered the best current measure of local levels of child poverty. A full description of the indicator can be found below on pages 9 to 12.

The local child poverty indicator tries as far as possible to use tax credit data to replicate the official national indicator for child poverty, a measure that is based on the Family Resources Survey (FRS) and reported in the Households Below Average Income (HBAI) survey as children in households with below 60% median income before housing costs. For children whose parents do not work, the local child poverty indicator counts poverty as being in a family in receipt of out of work benefits. This shows more children as being in poverty than the FRS data, as a proportion of children in families in receipt of out of work benefits have incomes above the 60 per cent threshold. Conversely, the local indicator shows considerably less in-work poverty than the HBAI data. This may be because the former only considers families in receipt of tax credits, and also because they calculate incomes at the family rather than the household level. The “family” does not include, for example, non-dependent children. A family living in the same household as one or more non-dependents will have a higher income need for the “household” than for the “family”. If non-dependents are not working, this can mean that the household income does not reach 60% median, adjusted for household size, even though the family income is enough to reach this threshold equivalised to take account of family size and composition only.

These two significant differences, however, balance out, and the revised local indicator shows a similar number of children in poverty overall as in national figures.

At present, official local data are only available up to 31st August 2010. However, the Centre for Research in Social Policy has estimated the change in the number of children in each area in out of work households in mid-2012 compared to the 2010 data, and added this number to the 2010 figures. It has based this change on regional data, from the Labour Force Survey, on the percentage of children in workless families. The percentage point change in this figure for the whole region is applied to the percentage of children assumed to be in families in receipt of out of work benefits in each local authority, constituency and ward in the region. The resulting increase in the number of children in out of work households is taken as an estimate of the rise in the number of out of work families. When added to the 2010 figures this gives an estimate of child poverty for 2012. While this method does not pick up differences in the change in levels of worklessness among different local areas within one region, it does provide a more up-to-date estimate of child poverty at a local level than the 2010 figures.
The revised local child poverty measure (formerly National Indicator 116): The proportion of children in poverty

Definition: The proportion of children living in families in receipt of out of work (means-tested) benefits or in receipt of tax credits where their reported income is less than 60 per cent of median income

Revised UK National Indicator:

The proportion of children in poverty is calculated as follows: Number of children in families in receipt of either out of work (means-tested) benefits, or in receipt of tax credits where their reported income is less than 60 per cent of median income

Total number of children in the area

This attempts to recreate the relative child poverty measure as set out in the Child Poverty Act 2010 at a local level. However as it relies on administrative data it is not precisely equivalent in terms of the children captured (for example there may be children in families in receipt of out of work benefits where income is above the 60 per cent threshold) or the time period covered (the national measure is on a financial year basis, this measure is a snapshot at 31st August 2010). It is however, our best measure of child poverty at a local level.

Children in families in receipt of out of work benefits

The number of children in families in receipt of out of work benefits - Income Support (IS), Income-Based Jobseekers Allowance (JSA), Employment and Support Allowance (ESA) and Pension Credit (PC), is produced using administrative data held by the Department for Work and Pensions (DWP) and Her Majesty’s Revenue and Customs (HMRC). Since 2003, parents in receipt of IS, JSA, ESA and PC receive their child support through Child Tax Credit rather than a dependent child allowance (family/lone parent premium) via DWP. New claimants automatically enter the Tax Credits System, however families who were claiming IS or JSA prior to the introduction of tax credits in April 2003 may still receive a child allowance paid through their DWP benefits. This is an ever decreasing number, as families migrate on to tax credits when there is a change to their family or employment circumstances and lone parents are in the process of being migrated automatically.

As the indicator requires a complete picture of children in families in receipt of IS or JSA, DWP data relating to IS and JSA is needed to capture those families still receiving their child allowance through DWP. To identify these families firstly Child Benefit records are matched to IS or JSA claimant records in DWP; the matched records are then transferred to HMRC and matched to the tax credits database in order to identify children in families in receipt of IS or JSA who are yet to migrate (i.e. they appear in the DWP data but not the tax credits data). These DWP paid families are then combined with the tax credits data to ensure the measure covers all children in families in receipt of IS or JSA and that no family or child is counted twice or ignored.

Children in families whose income is less than 60 per cent of median income

Children in poverty in families who are not receiving their child support through IS or JSA are then selected by applying the relative low income threshold, below 60 per cent of median income, to the rest of the Child Tax Credit population. The income used in the measure is
Before Housing Costs (BHC) and has been equalised to take account of family size and composition.

*Further detail on income, income equivalisation and the 60 per cent of median threshold can be found below.*

**Total number of children**

The total number of children in the area is produced using Child Benefit data held by HMRC which covers around 961 per cent of children. Child Benefit data has been used as it provides the most comprehensive assessment of the number of children available.

**Notes:**

1. These statistics are not National Statistics and as such are not pre-announced or published to a pre-arranged timetable. To concur with National Statistics procedures all of the estimates within the publication have been independently rounded to the nearest 5 units, so in the case of the Lower Layer Super Output Area (LSOA) statistics these are normally 5 individual claimants. Because of this aggregating the individual estimates may not sum to the given totals for an area. The child poverty proportions have been provided to 1 decimal place and have been derived from the unrounded counts.

2. The estimates are based on the finalised awards tax credits data, and as such are derived from a full set of administrative records rather than a sample. From this data the “sub-period” of the award that spanned the 31st August was selected, to ensure that the most up-to-date version of the data was used but also that all the data used corresponded to the same reference date. DWP IS and JSA records relate to August to be consistent with the tax credits and Child Benefit data.

3. Where appropriate, one postcode has been identified for each family with the postcode from the tax credits database taking precedent as these are likely to be more up to date than those held on the Child Benefit system. The Tax Credits System is linked to all other HMRC systems and personal details are held centrally. These are updated when people move and any part of HMRC are informed.

4. Additional information, such as child ages, is obtained and added on to the tax credits and DWP data by matching with Child Benefit data.

5. Duplicate records may occur in the dataset for a variety of reasons such as a consequence of data matching, family breakdown (where a separate claim begins before the old claim is terminated) or administrative errors. Where possible, any such duplicate records have been identified and removed from the data.

6. As a result of the local government changes that came into effect for parts of England from 1st April 2009, there have been a number of changes to the classification of Counties, Local Authorities and Ward level data. As these statistics are for a period of time after the changes, they are presented using the latest boundaries.

7. From 2009 onwards local child poverty statistics for Northern Ireland, Scotland and Wales have also been included. We have included these countries to provide comparable figures for the whole of the United Kingdom (UK). These statistics are based on the UK 60 per cent median income figure of £211.
8. Geographies have been allocated by matching the administrative postcode to the August 2010 National Statistics Postcode Directory. The directory provides a read across from postcode to high level geographies, but occasionally for lower level geographies and specifically in Northern Ireland and Scotland, information about Data Zone and LSOA’s are missing. This leads to some cases being attributed to a country or region, but we are unable to allocate it to a ward or a specific LSOA or Data Zone.

9. LSOA covers England and Wales. Super Output Areas (SOA’s) are a geographic hierarchy designed to improve the reporting of small area statistics. Unlike electoral wards, the SOA layers are of consistent size across the country and will not be subjected to regular boundary change. The Lower Layer SOA’s in England (32,482) were built from groups of Output Areas (typically 4 to 6) and constrained by the boundaries of the Standard Table (ST) wards used for 2001 Census outputs. They have a minimum population of 1,000.

10. In line with the ONS Coding and Naming Policy of UK Statistical Geographies, (http://www.ons.gov.uk/ons/guide-method/geography/geographic-policy/coding-and-naming-for-statistical-geographies/index.html) the 2010 Child Poverty statistics include both the old and the new geographical codes which were introduced from 1st January 2011, enabling a lookup between the two.

1 See the Child Benefit, Child Tax Credit and Working Tax Credit Take-up rates publication 2009-10 http://www.hmrc.gov.uk/stats/personal-tax-credits/cwtc-take-up-09-10.pdf

2 More information on taxable income is available on the HMRC website: http://www.hmrc.gov.uk/incometax/taxable-income.htm

Definition of key terms:

Child
The measure includes dependent children under the age of 20. A dependent child is defined as an individual aged under 16 or an individual aged 16 to 19 years who is:
- not married nor in a Civil Partnership nor living with a partner; and
- living with parents; and
- in full-time non-advanced education or in unwaged government training

This is the same definition as used within tax credits, Child Benefit and Income Support and Jobseekers Allowance.

Income
The weekly income used for the measure includes total family taxable income2 (for tax credit purposes), the calculated weekly entitlement to Child Benefit and the weekly value of entitlement to tax credits (as at August 31st). Income is Before Housing Costs (BHC).

Note: As some benefits included in Households Below Average Income (HBAI) series (see Low Income Threshold section for more information on HBAI) are non-taxable (such as Housing Benefit, Disability Living Allowance, Attendance Allowance, Council Tax Benefit) these benefits are paid on top of tax credits and therefore not included in the income or low income threshold used in this local measure.

Income Equivalisation
Income equivalisation takes into account variations in the size and composition of the families in which children live. This reflects the common sense notion that, in order to enjoy
a comparable standard of living, a family with say three children will need a higher income than a single person living alone.

Equivalence scales conventionally take an adult couple, without children, as the reference point, with an equivalence value of one. The process then increases relatively the income of a single person (since their incomes are divided by a value of less than one) and reduces relatively the incomes of families with three or more persons, which have an equivalence value of greater than one.

Consider a single person, a couple with no children, and a couple with two children aged fourteen and ten, all having unadjusted weekly family incomes of £200 (BHC). The process of equivalisation, gives an equivalised income of £299 to the single person, £200 to the couple with no children, but only £131 to the couple with children.

The measure uses the OECD scale, as these are the main equivalence scales now used in the HBAI series. The BHC scale values are shown in the table below.

<table>
<thead>
<tr>
<th></th>
<th>Modified OECD rescaled to couple without children=1</th>
</tr>
</thead>
<tbody>
<tr>
<td>First adult</td>
<td>0.67</td>
</tr>
<tr>
<td>Second adult</td>
<td>0.33</td>
</tr>
<tr>
<td>Children aged under 14 years</td>
<td>0.20</td>
</tr>
<tr>
<td>Children aged 14 years and over</td>
<td>0.33</td>
</tr>
</tbody>
</table>
Appendix B

2011 Child Index of Multiple Deprivation Income Domain Map of Lower Super Output Area Ranks in Cardiff

The 2011 CIMD Income Domain Ranks in Cardiff

1. Cardiff West
2. Cardiff South West
3. City & Cardiff South
4. Cardiff South East
5. Cardiff East
6. Cardiff North

Welsh Lower Super Output Area Rank (Cardiff Count in Brackets)
- 1 to 190 (47) Most Deprived
- 191 to 380 (24)
- 381 to 570 (13)
- 571 to 950 (24)
- 951 to 1,800 (05) Least Deprived