

## Millennium Cohort Study Briefing 3

# Child poverty in the first five years of life

Based on Chapter 2 of *Children of the 21st century (Volume 2): The first five years*

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### About these briefings

This Briefing is one of 14 that distil the key findings of the first three surveys of the Millennium Cohort Study, as collected in *Children of the 21st century (Volume 2): The first five years*.

The study has been tracking the Millennium children through their early childhood and plans to follow them into adulthood. It covers such diverse topics as parenting; childcare; school choice; child behaviour and cognitive development; child and parental health; parents' employment and education; income; housing; and neighbourhood.

It is the first of the nationwide cohort studies to over-sample areas with high densities of ethnic minorities and large numbers of disadvantaged families.

For the first survey, in 2001–2, interviewers visited the families of nearly 19,000 children aged 9 months throughout the United Kingdom. It established the circumstances of pregnancy and birth, as well as the families' social background. The second survey recorded how nearly 16,000 cohort children were developing at age 3. The third survey, when they were age 5, involved almost 15,500 children and provided a uniquely

detailed account of their physical, cognitive and social development in the year they entered school.

The study is housed at the Centre for Longitudinal Studies at the Institute of Education, University of London. It was commissioned by the Economic and Social Research Council, whose funding has been supplemented by a consortium of government departments.

*Children of the 21st century (Volume 2): The first five years*, edited by Kirstine Hansen, Heather Joshi and Shirley Dex, The Policy Press, 2010, can be ordered via [www.policypress.co.uk](http://www.policypress.co.uk)

### Introduction

The children being tracked by the Millennium Cohort Study (MCS) were born about a year after Britain's then Prime Minister, Tony Blair, announced that the government intended to eradicate child poverty by 2020. Child poverty did, in fact, fall after 1998/9.<sup>2</sup> However, the government just missed its first five-year target, to reduce child poverty by a quarter by 2004/5. Since then there has been no further improvement despite a raft of initiatives, including the establishment of a Child Poverty Unit.<sup>3</sup>

This Briefing explores poverty in MCS families when the cohort child was aged 5. It also traces changes in families' circumstances between the first survey, conducted when the child was 9 months old (MCS1), and the third survey at age 5 (MCS3). The MCS data do not allow researchers to replicate exactly the measures that the government has used to monitor its child poverty strategy (see Ward et al. 2007, and Ketende and Joshi 2008). For example, the MCS collects income data but records the responses in income bands, before housing costs. Furthermore, it is following a specific cohort of children rather than all dependent children in the UK.

Nevertheless, there are several reasons for analysing poverty in the MCS:

- The children are being surveyed repeatedly over their childhood. The persistence of poverty and factors associated with movements in and out of poverty can therefore be studied.
- The MCS sample is very large and includes substantial numbers of minority ethnic children and families living in poorer areas.
- Information on poverty helps us to understand other aspects of children's development and wellbeing.

### Methods

The book chapter on which this Briefing is drawn is the third analysis of poverty by Jonathan Bradshaw and colleagues. The previous two were based on data gathered when MCS children were aged 9 months and 3 years. All three studies used the same

analytical approach and have generated a range of measures of poverty, rather than relying on income poverty alone. This approach uses three family-level measures in addition to income poverty:

- Being in receipt of income-related welfare benefits
- Lacking certain items indicating 'deprivation' (defined below)
- Experiencing subjective poverty.

Family poverty rates are calculated using each measure and overlaps between different measures are then noted. This Briefing also explores how family poverty has changed between the first and third MCS surveys and calculates the odds of being poor when the cohort child was aged 5.

### Poverty measures

#### Income

Household income is the conventional measure of relative poverty (or wealth). Income poverty is defined here as having a net equivalent family income below 60 per cent of the national median, taking account of the number and age of people in the home. To calculate equivalent income Bradshaw and Holmes used the scale devised by the Organisation for Economic Co-operation and Development, which has also been adopted by the government in its annual poverty analysis, Households Below Average Income (Department for Work and Pensions 2008).

Deriving equivalent family income from MCS data was problematic because of the limited nature of income information that can be collected in a multi-purpose survey. Cohort parents were not asked to reveal their precise family income. Instead, they were asked to specify an income band. These income bands and household composition then helped to determine net equivalent family income.<sup>4</sup> Where this fell below a threshold of 60 per cent of the national median for all households, the family was deemed to be below the poverty line. The proportion of families in the sample living below this poverty threshold at the age 5 survey, mostly in 2006, was 30.1 per cent (see Figure 1). This compares with 29.4 per cent at age 9 months and 28.8 per cent at age 3 (MCS2).

#### Deprivation

The MCS deprivation indicators have changed across surveys. MCS1 merely asked respondents whether several household appliances were in working order. MCS2 incorporated nine new indicators of material deprivation. In MCS3, the nine items were replaced by five and, unfortunately, none was identical to an item in MCS2 or to a deprivation question in the Family Resources Survey (FRS), which produces data for the annual Households Below Average Income statistics. Table 1 gives the proportion of MCS families lacking each item included in the age 5 survey and compares these with the FRS of 2006/7. Almost four in ten families (38.4%) were materially deprived on at least one measure at MCS3 (see Figure 1).

**Table 1**  
**Deprivation items lacking in MCS3 and Family Resources Survey**

Item	MCS3 % of families lacking this item	Item	FRS 2006/7 % of children in households that want but cannot afford
Celebrates birthdays /festivals	1.7	Celebrations on special occasions	4
Annual holiday not staying with relatives	29.4	Holiday away one week a year – not with relatives	38
Small amount of money to spend on self* weekly	23.1	Mother has money to spend on herself each week	32
Two pairs of all-weather shoes for the child	2.1	Two pairs of all-weather shoes for each adult	9
Weather-proof coat for the child	1.0		

\* The mother in almost all cases.

All tables/figures in this Briefing display percentages weighted to maintain proportions underlying the MCS sample design and to adjust for differentials in survey drop-out rates to age 5.

**Subjective poverty**

MCS respondents were also asked: ‘How well would you say you (and your partner) are managing financially these days?’ The answers are presented in Figure 2. Those finding it quite or very difficult to manage, plus those ‘just about getting by’, were said to be subjectively poor. Again, almost four in ten families fell into this category (38.3%) – see Figure 1. The equivalent proportions at MCS1 and MCS2 were 37.1 per cent and 36.4 per cent.

**Receiving means-tested benefits**

The MCS surveys also show the proportion of families receiving income-tested benefits. Bradshaw and Holmes included as poor on this definition those receiving any of the following: Income Support, Working Tax Credit, Housing Benefit or Council Tax Benefit. Those receiving Jobseeker’s Allowance (JSA) were included if they were also receiving either Housing Benefit (HB) or Council Tax Benefit (CTB). Those with HB/CTB are more likely to receive an income-tested JSA than a contributory JSA. Using this definition, 37.4 per cent of MCS3 families were in poverty (see Figure 1).

**Sensitivity analysis of the four poverty measures**

None of the four poverty measures is by itself entirely satisfactory. For example, lacking one or more necessities could be a lifestyle choice. Furthermore, people may or may not feel poor due to ‘false consciousness’ or because they are living with better-off adults (such as their own

parents). Some respondents may also have been confused about the benefits they received.

Bradshaw and Holmes therefore combined the information on the separate elements to produce a more reliable and valid overall indicator of poverty. Perhaps unsurprisingly, there was most overlap between those receiving means-tested benefits and the income poor (72.2%). There was less overlap between the deprived and those subjectively poor or receiving means-tested benefits. Sixty-three per cent were poor on at least one poverty definition, 43 per cent on two, 26 per cent on three, but only 12 per cent were poor on all four definitions. Bradshaw and Holmes describe those poor on at least three measures as ‘reliably poor’.

**Characteristics of poor families**

Using correlations between being in poverty on each definition and other characteristics, such as mother’s age and ethnicity, the researchers found that families are significantly less likely to be in any category of poverty if:

- there are two married, natural parents
- the cohort member is of white or Indian ethnicity
- there are two earners
- the mother has had tertiary-level education
- the mother was over 30 at the cohort child’s birth.

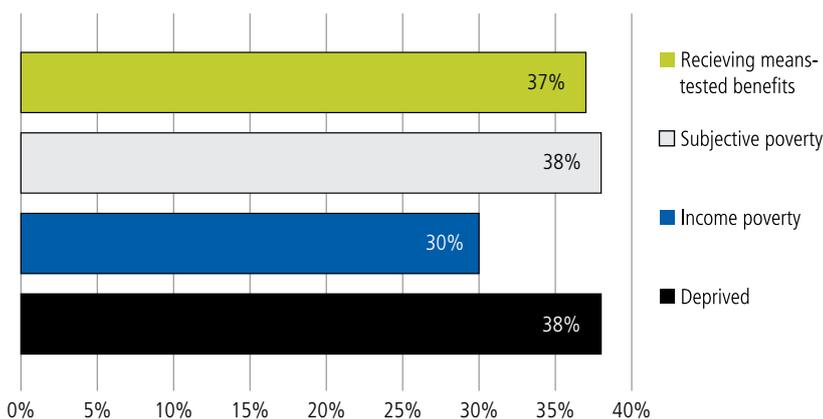
As these characteristics often overlap, Bradshaw and Holmes compared the odds of being poor, after controlling for the other variables. This showed that the chances of being poor are higher if:

- there are two or more children in the household, compared with only one
- natural parents are cohabiting rather than married
- a natural mother is living with a stepfather rather than married to the natural father
- the child is living with a lone mother, compared with natural, married parents
- the mother was aged under 30, compared with 35+ when the cohort child was born
- the mother is of Pakistani, Bangladeshi, black or black British ethnicity rather than white or Indian
- the mother’s educational level is NVQ3 (A-level) or below, compared with NVQ level 5 (higher degree)
- the family are not owner-occupiers.

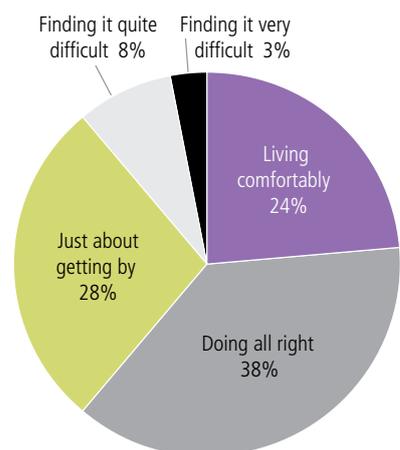
**Poverty over the MCS surveys**

Changes in poverty over the three MCS surveys were traced using two of the four dimensions – income poverty and subjective poverty. There is remarkable consistency over the surveys. Poverty rates went down between surveys 1 and 2 and up again between surveys 2 and 3 but the differences are not statistically significant. It is likely that there

**Figure 1**  
Percentage of mothers in poverty on four definitions, age 5 survey



**Figure 2**  
Subjective poverty among MCS families at age 5



## Key statistics

**28 per cent** experienced poverty both subjectively and in terms of cash income in at least one of the first three surveys. 5 per cent were poor in both respects in all three surveys.

**1 in 4 mothers** (26.8%) who moved into poverty between the first and third surveys did so on becoming a lone parent.

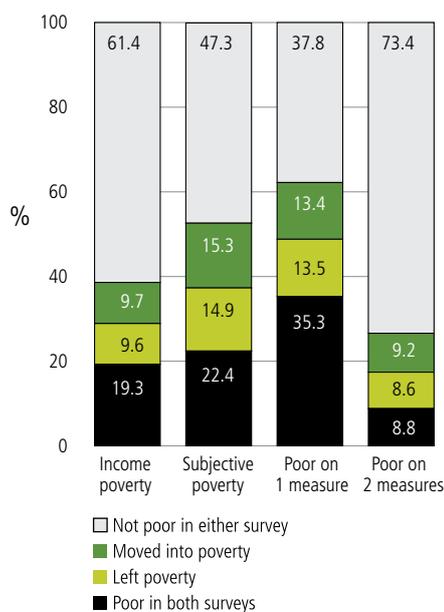
**1 in 6 families** (17.1%) who remained in poverty did so despite one or two parents becoming employed.

was no reduction in poverty for this sample as a whole in the children's first five years.

Thirty-nine per cent of families experienced income poverty, 57.5 per cent subjective poverty and 27.9 per cent were poor in both respects in at least one of the first three surveys. However, only 13.8 per cent were income poor, 15.8 per cent subjectively poor and 4.9 per cent poor in both respects in all three surveys. These families can be described as 'persistently poor'.

About a fifth of families with income data at both MCS1 and 3 were income poor at both

**Figure 3**  
Experience of family poverty at MCS1 and 3



surveys. A further 9.6 per cent left income poverty, but they were almost exactly matched by the 9.7 per cent who became income poor between those surveys (Figure 3).

Pakistani and Bangladeshi families were more likely to remain in poverty in all three surveys and were more likely to move into poverty (as were mixed and other ethnic groups) than white families.

Moving into poverty was associated with relationship breakdown. One in four (26.8%) mothers who moved into poverty between the first and third surveys did so on becoming a lone parent. In over half of these cases (15.6 per cent) cohabiting partnerships had broken down. Conversely, forming partnerships was a way out of financial difficulties – 17.7 per cent of those who moved out of poverty were lone parents who acquired a partner.

Changes in the number of earners in a family were important too. More than a quarter (27.2%) of families who had moved into poverty had become workless between the 2001 and 2006 surveys and another 10.5 per cent had lost one earner (out of two). However, changes in employment and family status go together. Two-thirds of those who became workless had also become lone parents and 82 per cent of those who had become lone parents had also become workless. Moving into employment is no guarantee of escaping poverty, however. More than one in six (17.1%) of those who remained in poverty did so despite one or two parents becoming employed.

## Conclusions

This Briefing has produced child poverty rates using several measures: income poverty, material deprivation, subjective poverty and benefit receipt. Around 30 per cent of families were in income poverty when the cohort child was aged 5, but nearly 38 per cent were 'reliably' poor in the sense that they were poor on three or more of four poverty indicators. The odds of being poor on the various definitions show broadly similar patterns of association with factors such as mother's education, ethnicity and housing but, above all, with family structure and number of earners.

The movement of mothers in and out of paid work helps to explain much of the rotation among families in poverty. While the proportion of families in poverty on each definition remained fairly consistent over the cohort's first five years, there was considerable turnover among those who experienced it. Alongside a 'core' group in persistent poverty, more than half of all families reported at least one type of poverty in at least one survey. The dynamics, as well as the dimensions, of child poverty should therefore be borne in mind when looking at its consequences.

## References

Department for Work and Pensions (2008) *Households below average incomes 1994/95–2006/07*, London: HMSO.

Ketende, S. and Joshi, H. (2008) 'Income and Poverty', in K. Hansen and H. Joshi (eds) *Millennium Cohort Study Third Survey: A user's guide to initial findings*, London: Centre for Longitudinal Studies, Institute of Education, University of London.

Ward, K., Sullivan, A. and Bradshaw, J. (2007) 'Income and Poverty' in K. Hansen and H. Joshi (eds) *Millennium Cohort Study Second Survey: A user's guide to initial findings*, London: Centre for Longitudinal Studies, Institute of Education, University of London.

1 Jonathan Bradshaw and John Holmes, University of York. This text has been adapted and shortened to suit the format of these Briefings. Responsibility for any errors therefore rests with the Centre for Longitudinal Studies rather than the chapter authors.

2 In 1998/9, 3.4 million children (26%) were estimated to be living in poverty. By 2006/7 this had fallen to 2.9 million (information downloaded from Department for Work and Pensions website, 12 June 2009).

3 This unit brings together key officials in the Department for Work and Pensions, the Department for Children, Schools and Families, and HM Treasury. They have been developing locally-based pilot programmes to explore new approaches to tackling child poverty.

4 Further information on the methodology used can be found in the book chapter from which this Briefing is drawn.