



# Cost of living crisis and its implications for children, families and social work

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## What is it?

- [Cost of living crisis | The Institute for Government](#)
- The 'cost of living crisis' refers to the fall in 'real' disposable incomes (that is, adjusted for inflation and after taxes and benefits) that the UK has experienced since late 2021. It is being caused predominantly by high inflation outstripping wage and benefit increases and has been further exacerbated by recent tax increases.

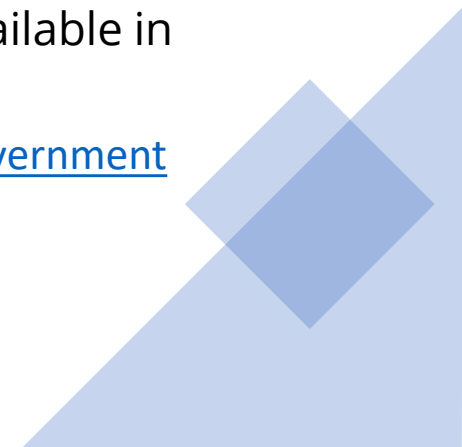


## What is going on?

- Cost pressures have been apparent in the economy since countries reopened their economies from coronavirus lockdowns.
- Gas prices have increased because of a number of factors. Increased demand for gas from Asia, depleted gas storage supplies in Europe, unexpected outages in Liquefied Natural Gas (LNG) production and the war between Ukraine and Russia (a major supplier of European gas) have all contributed to the large price increases since mid-2021
- Disruption to global supply chains has also increased prices. Pandemic shutdowns of factories in Asia have caused a shortage of semiconductors, an important component in common consumer goods
- [Cost of living crisis | The Institute for Government](#)



## Impacts on poor families

- Poorer households are currently experiencing higher inflation – on average – than better-off households. The Institute for Fiscal Studies estimated – based on the share of budgets spent on different broad product groups – the annual inflation rate for the poorest 10% of households to be 10.9% in April
  - By contrast, the richest 10% of households had the lowest rate of inflation, at 7.9%. This is because energy costs – the major driver of recent inflation – makes up a greater proportion of household budgets for low-income households.
  - Anti-food poverty campaigner Jack Monroe has argued that the situation for poorer households is even worse than this because the price of the lowest-cost food items on which these households rely have increased further or the cheapest products have been unavailable in stores
  - [Cost of living crisis | The Institute for Government](#)
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## A union perspective

- Recent high inflation was initially sparked by supply chain shocks. But there are strong signs that “price gouging” – where businesses hike their prices above supply costs – is now pushing “second round” inflation.
- While the pandemic, energy demand and the invasion of Ukraine have undoubtedly caused ruptures in company’s supply chains, any “inflation spiral” is being pushed by profits.
- [unite-investigates-corporate-profiteering-and-the-col-crisis.pdf \(unitetheunion.org\)](#)

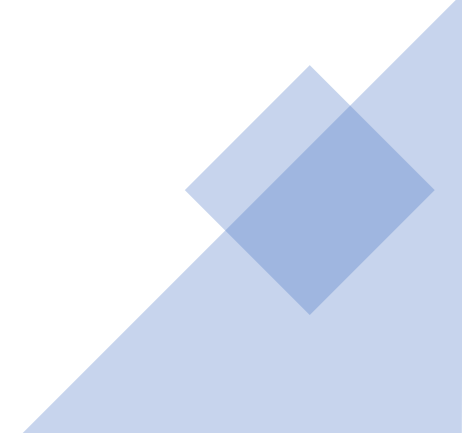


# Unite report

- Profit margins for the UK's biggest listed companies were 73% higher than pre-pandemic levels in 2019.
  - UK-wide company profits jumped 11.74% in the six months from October 2021 to March 2022,
  - In the same period, labour income only rose 2.61%; and fell by 0.8% after accounting for inflation
  - This recent profit jump is responsible for 58.7% of inflation in the last half year – as opposed to just 8.3% due to labour costs.
  - The UK appears to be following the pattern of inflation profiteering noted in the US, albeit some months behind the curve.
  - This isn't just about oil companies or a few “bad apples”. Even excluding energy firms, FTSE 350 company profits increased by 42% between 2019 and 2021
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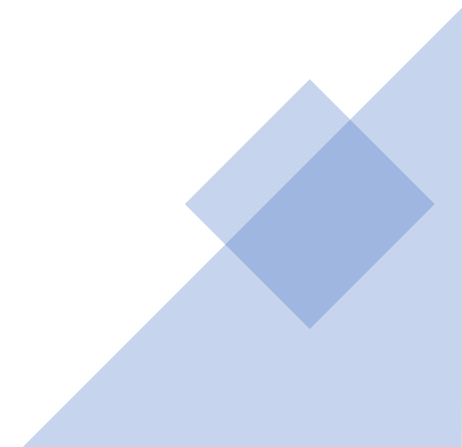


## Essential background in understanding poverty today

- [The decade that broke Britain: the disastrous decisions that left millions in a cost of living crisis | Politics | The Guardian](#)
  - The government is keen to blame growing levels of poverty on Covid and the Ukraine war. But, according to Harris, policies from the benefits cap to the bedroom tax have left households very vulnerable amid the cost of living crisis.
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## Welfare Reform Act 2012

- The biggest change was the introduction of universal credit, a monthly payment designed to replace six working-age benefits.
  - The switch from a mixture of benefits paid monthly, weekly and fortnightly to a once-a-month payment in many cases made budgeting more difficult for recipients.
  - There was also concern about child benefit being included in a single payment paid to households, rather than being paid to mothers
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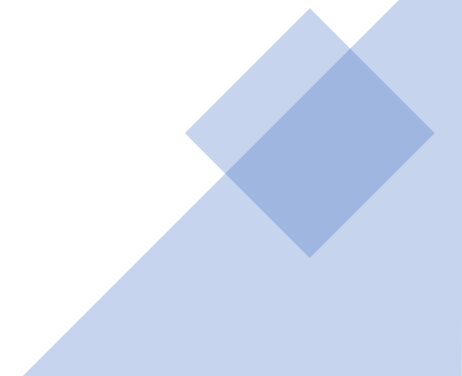


# Disability

- Perhaps the most obvious aspect of 10 years of cuts and welfare reform concerns the treatment of disabled people.
- It is a story about a complicated mess of changes. It is now a rule of thumb that when the benefits system is “reformed”, disabled people bear the brunt – something seen in everything from the toughening of work capability assessments in 2011 to the replacement of disability living allowance with the personal independence payment in 2013.
- 30% of the 13 million people with disabilities in the UK – [3.8 million adults and 300,000 children](#) – live in poverty (Harris, 2022).



## Disabled people

- Sanctions, whereby people's benefits are stopped, often for minor alleged breaches of the rules, have disproportionately affected disabled people. In 2018, one study found that unemployed disabled people were up to [53% more likely](#) to have their payments docked than non-disabled people.
  - Moreover, since the money that used to go from Westminster and Whitehall to councils has been cut repeatedly, many local authorities have introduced or increased charges for disabled people's social care
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# THE BENEFIT CAP

- This was an absolute limit on benefit payments, pegged to average individual earnings from work. It was aimed at voters who believed the stories that there were people living lives of luxury at the state's expense.
- The cap was introduced in 2013 and set at £500 a week (£26,000 a year). For single people, it was £350 a week. Three years later, the cap came down to £23,000 a year for families in Greater London and £15,410 for single people in the capital. Elsewhere in the country, the figures were £20,000 and £13,400 (Harris, 2022).

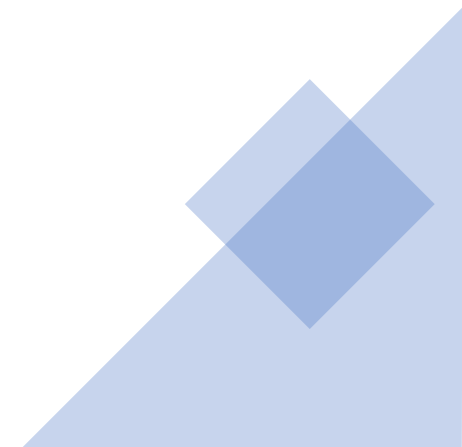
The slide features decorative geometric shapes. On the left, there are several overlapping yellow diamonds of various sizes. On the right, there are overlapping blue diamonds, including a large one in the bottom right corner. The text 'Benefits cap' is positioned to the right of the yellow shapes.

## Benefits cap

- Because having small children often makes working impossible (chiefly because of childcare costs), parents endure the worst of the cap's effects.
- 85% of capped families have kids, while 65% of all capped households are single parents – people who tend to need benefits in the absence of a working partner.
- If they live in a high-cost housing area such as London, being capped is often inevitable – annual rent in the capital can easily top £20,000, which leaves a pittance to cover everything else.

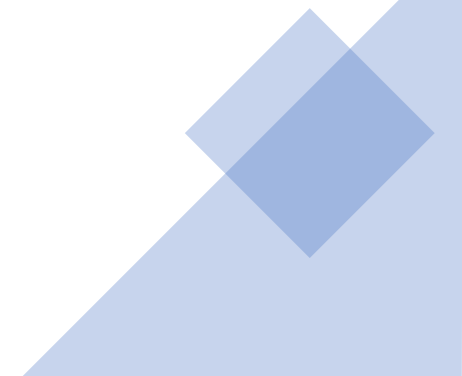


# The bedroom tax

- People living in council housing or homes they rented from housing associations would have their housing benefit reduced by 14% if they had a spare bedroom, or 25% if they had two or more. Supposedly, it would encourage a more efficient use of housing space.
  - This has not happened however.
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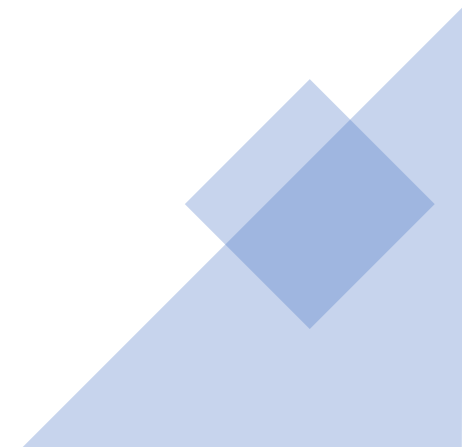


# Precarious work

- Zero-hours contracts used to be rarer
  - In 2014, about half a million people were on zero-hours contracts.
  - [By 2020, that figure had doubled](#), which is one of the reasons why about 15% of the people who regularly use food banks are [thought to be in work](#).
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# Precarious work

- People have been taking any work available under pain of having their benefits stopped, so people can do little to contest insecure conditions and poor wages
  - This has been compounded by the decline in membership of trade unions and trade union powers over the last decades
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## Benefits freeze

- Benefits freeze from 2014-2020
- It had affected just under 30 million people, cut the real-terms value of benefits by 6% since 2015, left the average poor couple with children £580 a year worse off and pushed 400,000 people into poverty.
- Recent increases not keeping up with rate of inflation
- In April, year-on-year inflation hit 9%. That month, benefits were “uprated” by only 3.1%, a figure based on the inflation rate in the year to September 2021



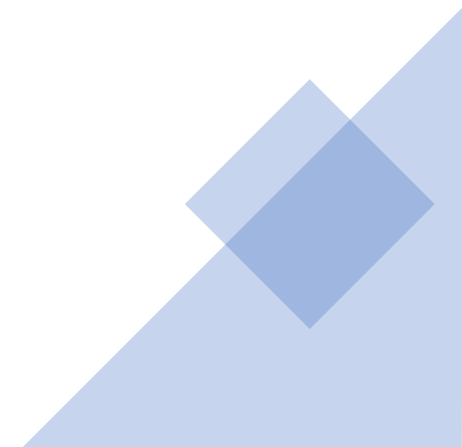


## Two-child limit

- The two-child limit – a restriction on child tax credits and universal credit payments to families, with the caveat that twins and triplets were not penalised – was introduced in 2017.
- In April 2022, research funded by the Nuffield Foundation found that the numbers of third and subsequent children born to poorer families [had barely fallen](#). But the two-child limit had become the biggest single driver of child poverty, depriving three-child families of £250 a month, or £3,000 a year.



# Wages

- Between 1992 and 2008, [real wages went up by 36%](#); for 2008 to 2024, the Office for Budget Responsibility expects a rise of just 2.4%.
  - As far as the 5.7 million people in the public sector are concerned, the fact that wages have failed to keep pace with prices has been a deliberate policy.
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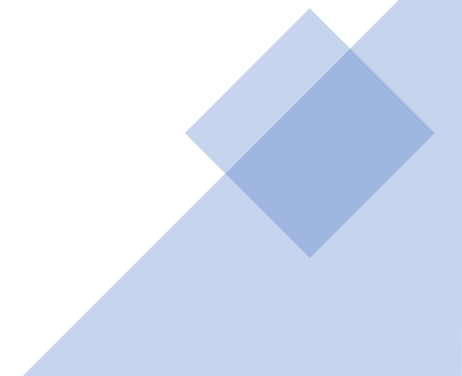


## The implications for social work

- [Full-report-relationship-between-poverty-child-abuse-and-neglect.pdf \(nuffieldfoundation.org\)](https://www.nuffieldfoundation.org/full-report-relationship-between-poverty-child-abuse-and-neglect.pdf)

Up dated evidence review (2022) provides very up-to-date and credible evidence that increasing poverty increases rates of child maltreatment and, therefore, demand on services

A key concern, however, is that these services have become hollowed out and are rationing their services in ways that in turn are extremely costly on a human and financial level





# The evidence

- Very timely new international evidence review from Bywaters and colleagues updating the one carried out in 2016
- The international evidence base is much stronger than in 2016.
- 90 papers reviewed
- These include quasi-experimental studies which found that changes in the economic conditions of family life alone – without any other factors – impact on rates of abuse and neglect.
- Quasi-experimental studies refer to where the rates of abuse and neglect are measured in two large comparable populations and the only difference between them is that one has more economic resources than the other for example, as a result of something like an increase in the benefits rates or the minimum wage
- Economic shocks increased abuse and neglect except when families were protected by welfare benefits

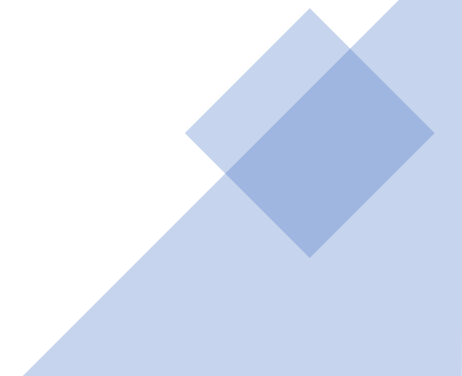


## Benefits matter...

- Three quasi-experimental studies provide specific evidence of the protective effects of additional income in the form of welfare benefits. For example, If you had a negative income shocks but this was compensated for by benefits there was no association with Child protection involvement over a two to four year follow up period
- However, without these benefits, shocks were associated with a 27% increase in any investigation, a 38% increase in physical abuse investigations, and a 25% increase in neglect investigations.

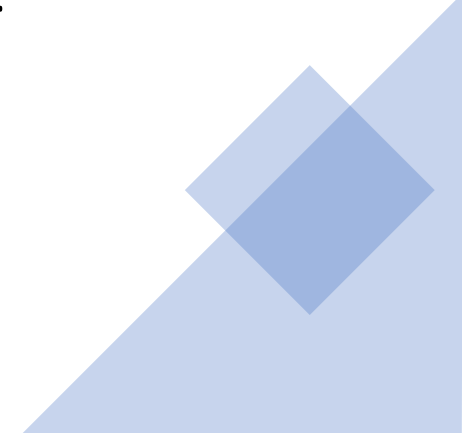


## New evidence

- Deep poverty and persistent poverty are more damaging for children's safety and development than a low income or temporary difficulties.
  - We have seen strong evidence of deep poverty or destitution over the last few years
  - Insecurity and unpredictability of income, often the result of benefits administration practices, housing and employment, compound the problems of parenting with an inadequate income
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## A key message ...

- There is a **steep social gradient** in rates of substantiated abuse and neglect
  - What does this mean?
  - The social gradient has been most studied in health – **applies across society**, the poorer you are the worse your health, increases in levels of deprivation increase poor health....
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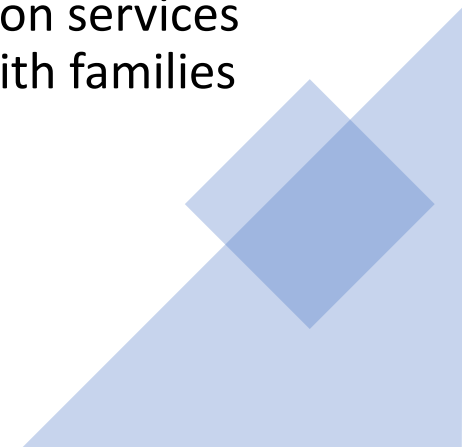


## Further findings

Child protection systems and services are too rarely engaging effectively with the impact of income, employment and housing conditions on families and children

Nor do policies, systems and practice adequately recognise how economic conditions are inextricably connected to factors more often highlighted: mental health, domestic violence and abuse and addictions.

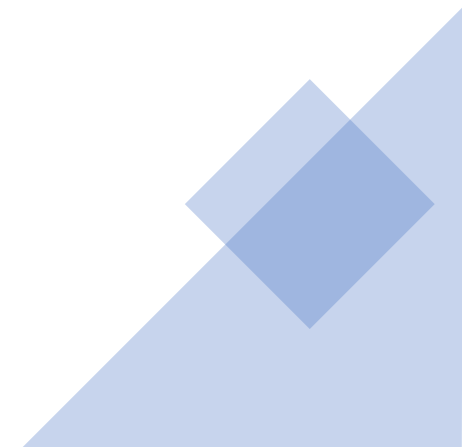
A lack of recognition of parents' difficulties in meeting children's basic needs compounds parents' feelings of shame and stigma. In turn, this reduces the chances of child protection services establishing effective relationships with families under pressure.





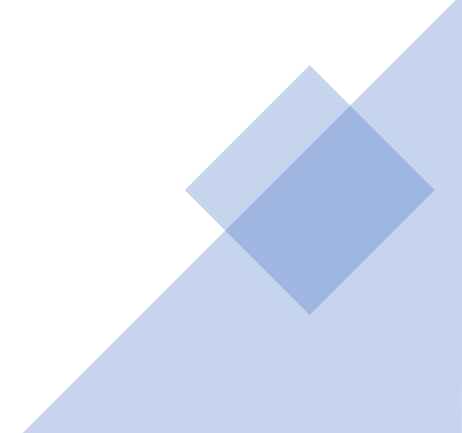


# What can we do?

- 1. Awareness raising
  - 2. Culture and values
  - 3. Assessing an issue such as neglect
  - 4. Organisational change
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# Assessing for neglect

- Walking in someone else's shoes
  - Work and income - where, who and how
  - Housing
  - What is a typical day like?
  - Transport, distance to schools ...
  - Food – where, what and how?
  - Social connections and friendships
  - Racism and bullying
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## Resources to support poverty- aware practice

- App by Callum Webb: <https://www.cwip-app.co.uk/>
  - A number of anti-poverty frameworks have been developed <https://www.basw.co.uk/what-we-do/policy-and-research/anti-poverty-practice-guide-social-work>
  - Supervisor prompt sheet: <https://practice-supervisors.rip.org.uk/wp-content/uploads/2019/11/Using-a-social-model-of-child-protection-in-supervision.pdf>
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