

# **CHILD POVERTY IN THE NORTH EAST REGION**

## **A Report for the North East Child Poverty Commission**

Jonathan Bradshaw and Emese Mayhew

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## SUMMARY

- **The NE Region no longer has the highest child income poverty rates in the UK. It has the third highest before housing costs and the sixth highest after housing costs.**
- **The relative child poverty rate is highest in the NE in lone parent families (25%), workless families (51%), one child families (20%), white families (21%), and social tenants (39%).**
- **But 69% of poor children in the North East live in couple families, 76% have a parent in employment and 35% are home owners.**
- **Between 2003-2007 and 2010-2012 the relative child poverty rate fell in the North East most sharply for lone parent families and lone parents out of employment.**
- **However child material deprivation scores are highest in the NE region and they were higher in 2012/13 than they were in 2004/05 – indicating that the reduction in child income poverty has not resulted in a reduction in child deprivation.**
- **Out of all the local authorities (LAs) in England, Middlesbrough had the highest proportion of children in families on out-of-work benefits in 2013 (33.6%) and this proportion had increased since 2007.**
- **A Lower Level Super Output Area (LSOA) in Stockton has 66% of its children living in households on out-of-work benefits in 2013, though more LSOAs had reductions in this proportion than increases between 2010 and 2013.**
- **Middlesbrough (35%) also has the highest relative child poverty rate after housing costs (AHC) in the NE in 2013 followed by Newcastle (32%) and Sunderland (29%).**
- **The highest child poverty (AHC) ward in the NE is University in Middlesbrough (51%) followed by Elswick in Newcastle (47%).**
- **Some local authorities have concentrations of child poverty in a few wards. Others have child poverty more evenly distributed across their wards. A more concentrated distribution may call for more focussed policies.**
- **Data on child poverty at local level is not entirely satisfactory.**

## BACKGROUND

This report is an update of a report on child poverty in the North East produced in 2008<sup>1</sup>. Since then the North East has experienced the impact of the global financial crisis and, since 2010, the Coalition Government's austerity measures. The earlier report was based on three sources:

1. The secondary analysis of Households Below Average Income (HBAI) data from the Family Resources Survey for the four year period 2003/4 to 2006/7. This report takes the same source of data but for the three years 2010/11 to 2012/13, the latest available.
2. DWP administrative data on children in families receiving out-of-work benefits in 2007. This report uses the same data for 2013.
3. The index of child well-being<sup>2</sup> developed out of the Index of Deprivation. This index has not been produced since, though a revision of the Index of Deprivation will be published in autumn 2015. Meanwhile the Index of Deprivation affecting children (IDACI) which was part of the index of child well-being and is a variant of the DWP statistics in 2 above was published in 2010 and has been updated to October 2013 by Hirsch for *End Child Poverty* at local authority, constituency and ward level using Labour Force Survey data. We have also obtained estimates at LSOA level for the NE.

The purposes of this report are to review what data on child poverty is available at local level, to present some of the analyses that are possible using this data and to comment critically on what is available.

The report is in three parts:

Part 1 is an analysis of the Family Resources Survey and compares the prevalence and characteristics of child income poverty and deprivation in the North East with other regions. It also traces child income poverty and deprivation in the North East over time.

Part 2 is an analysis of administrative data on the proportion of children living in families receiving out-of-work benefits. It provides an analysis of variations in child poverty by local authority and Lower Level Super Output Areas (LSOAs) and also changes between 2010 and 2013.

Part 3 is an analysis of the End Child Poverty IDACI projections for October 2013 for LAs, Constituencies, wards and LSOAs in the North East. The raw data can be found [here](#).

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<sup>1</sup> Bradshaw, J. (2008) The prevalence, characteristics and distribution of child poverty in the North East Region, A Report for the Child Poverty Strategy Group for the North East.

<sup>2</sup> Bradshaw J, Noble M, Bloor K, Huby M, McLennan D, Rhodes D, Sinclair I, Wilkinson K. (2009) A Child Well-Being Index at Small Area Level in England, *J. Child Indicators Research* 2, 2, 201-219

## PART 1: Analysis of the Family Resources Survey

The official data on child poverty is *Households below average income* (HBAI)<sup>3</sup>, based on the Family Resources Survey (FRS)<sup>4</sup>. The published data on child poverty at regional level in HBAI is the average of three years, because there are too few cases for robust estimates in one year (children in the NE only represent 5 per cent of all children in England). According to the latest (2012/13) report, the NE Region had the third equal highest child income poverty<sup>5</sup> rate before housing costs (BHC)<sup>6</sup> and the sixth highest after housing costs (AHC) of any in the UK. This is shown in Figure 1.1.

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<sup>3</sup> The income measure used in HBAI is weekly net (disposable) equivalised household income. This comprises total income from all sources of all household members including dependants. Income is adjusted for household size and composition by means of equivalence scales, which reflect the extent to which households of different size and composition require a different level of income to achieve the same standard of living. This adjusted income is referred to as equivalised income. In detail, income includes: usual net earnings from employment; profit or loss from self-employment (losses are treated as a negative income); state support - all benefits and tax credits; income from occupational and private pensions; investment income; maintenance payments, if a person receives them directly; income from educational grants and scholarships (including, for students, top-up loans and parental contributions); the cash value of certain forms of income in kind (free school meals, free school breakfast, free school milk, free school fruit and vegetables, Healthy Start vouchers and free TV licence for those aged 75 and over).

Income is net of the following items: income tax payments; National Insurance contributions; domestic rates / council tax; contributions to occupational pension schemes (including all additional voluntary contributions (AVCs) to occupational pension schemes, and any contributions to stakeholder and personal pensions); all maintenance and child support payments, which are deducted from the income of the person making the payment; parental contributions to students living away from home; student loan repayments.

Income After Housing Costs (AHC) is derived by deducting a measure of housing costs from the above income measure.

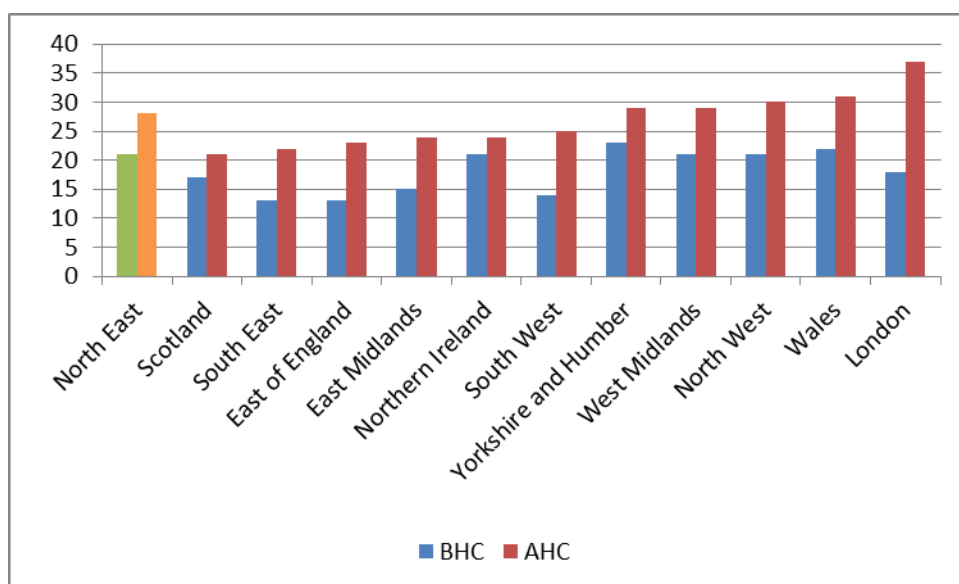
Housing costs These include the following: rent (gross of housing benefit); water rates, community water charges and council water charges; mortgage interest payments; structural insurance premiums (for owner occupiers); ground rent and service charges.

<sup>4</sup> DWP (2014) Households Below Average Income: An analysis of the income distribution 1994/95 - 2012/13 Table 4.6db

<sup>5</sup> The % of children living in households with equivalent incomes less than 60 per cent of the median.

<sup>6</sup> If London is split between inner and outer London then Inner London comes top with 45 per cent.

**Figure 1.1: Relative child poverty rates by Region (3 year average): ranked by BHC**



Source: DWP 2014 Table 4.6db

**This is an improvement in the North East's ranking.** In 1996/97-98/99 child poverty in the NE peaked at 35 per cent BHC and 40 per cent AHC. It fell to 28 per cent BHC and 33 per cent AHC by the previous report in 2006/07 and now it has fallen to 21% BHC and 28% AHC for the latest period for which we have data. However the child poverty measure used here is relative and uses a threshold of 60% of the median income and part of the decline in child income poverty since 2008/09 can be attributed to falling incomes lowering the poverty threshold.

The analysis of the prevalence and characteristics of child poverty below is based on the combined data set for HBAI for the three years 2010/11, 2011/12 and 2012/13 which gives a viable sample of children in the NE. Table 1.1 compares the poverty rates (proportion of children who are poor within a particular category) of children in the NE with three regional comparators North West, Yorkshire and Humberside and London, as well as England as a whole. Table 1.1 shows that before housing costs children in the NE have the highest poverty rate out of these regions at 21 per cent and higher relative child poverty rates than the other regions for children with the following characteristics:

- Lone parent families
- Lone parents not working
- Out-of-work families
- One child families
- White families
- Families receiving Income Support
- Families living in social rented accommodation

It had lower relative child poverty rates than in the other regions and England in households where there were

- All adults in employment.

Table 1.2 gives the composition of poor children (the proportion of poor children that come from a particular category) before housing costs. In the NE a higher proportion of poor children than in other regions are living in

- Lone parents not working
- Out of work households
- Parents in part-time work
- Couples with a full and part-time worker or both working part-time
- Households with one child
- White
- Receiving child tax credits or Income Support
- Social housing tenants.

In the NE a lower proportion of poor children than in other regions are living in

- One earner households
- In non-white families
- No disabled adults
- Families with a child 0-4
- Owners.

The appendix presents the same data but after housing costs.

**Table 1.1: At risk of Poverty (under 60% of deflated, equivalised median income (row percentages) HBAI 2010/11-2012/13.**

	North East	North West	Yorkshire/ Humberside	London	England
<b>Economic status and family type<sup>1</sup></b>					
Lone parent	25	24	24	19	19
-In full-time work	[6]	[12]	[48]	[31]	[28]
-In part-time work	[10]	[15]	[12]	[15]	12
-Not working	40	32	34	22	32
Couple with children	20	20	22	17	16
-Self-employed	[24]	31	[32]	[21]	24
-Both in full-time work	[3]	[3]	[2]	[4]	3
-One in full-time work, one in part-time work	[4]	[6]	[6]	[6]	5
-One in full-time work, one not working	[29]	30	34	21	24
-One or more in part-time work	[72]	59	[59]	53	56
-Both not in work	[24]	31	[32]	21	24
<b>Economic status of household<sup>1</sup></b>					
All adults in work	4	5	4	6	4
At least one in work, but not all	24	28	31	21	23
Out-of-work household	51	40	43	31	40
<b>Number of children in family</b>					
One child	20	18	19	14	16
Two children	17	18	18	17	15
Three or more children	31	30	33	22	24
<b>Number of disabled adults in family</b>					
None	20	20	23	17	16
One or more	25	27	23	21	23
<b>Ethnic group</b>					
White	21	17	18	13	15
Mixed	[52]	[40]	37	27	29
Asian or Asian British	[24]	50	57	24	35
Black or Black British	[43]	[41]	[34]	19	21
Chinese/other	[62]	[42]	[29]	27	26
<b>State support received by family</b>					
Working Tax Credit	19	22	24	17	18
Child Tax Credit	25	25	27	21	22
Income Support	34	27	29	16	25
<b>Age of youngest child in family<sup>1</sup></b>					
0-4	23	23	26	19	19
5-10	20	22	18	15	16
11-19	20	18	22	19	17
<b>Tenure</b>					
Owners	13	15	19	14	13
-Owned outright	26	26	31	13	20
-Buying with mortgage	12	13	16	14	11
Social rented sector	39	34	32	27	31
-Rented from council	37	40	32	31	33
-Rented from housing association	43	31	30	22	28
All rented privately	20	27	24	16	19
-Rented privately furnished	20	20	21	13	18
-Rented privately unfurnished	24	24	47	23	27
<b>All children (under 60% of median)</b>	21	19	20	16	17
Unweighted N (Total number of families with children)	752	2097	1530	2089	20251

**Table 1.2: Poverty composition (under 60% of deflated, equivalised median income HBAI 2010/11-2012/13. (columns per category add up to 100%))**

	North East	North West	Yorkshire/ Humberside	London	England
<b>Economic status and family type<sup>1</sup></b>					
Lone parent	31	33	26	28	30
-In full-time work	[1]	[1]	[5]	[4]	3
-In part-time work	[18]	[29]	[27]	[35]	28
-Not working	81	70	68	61	70
Couple with children	69	67	74	72	70
-Self-employed	[15]	24	[19]	[23]	24
-Both in full-time work	[4]	[3]	[2]	[4]	4
-One in full-time work, one in part-time work	[6]	[8]	[7]	[6]	8
-One in full-time work, one not working	40	40	48	43	40
-One or more in part-time work	37	25	25	24	24
-Both not in work	15	24	19	23	24
<b>Economic status of household<sup>1</sup></b>	]				
All adults in work	8	11	8	11	11
At least one in work, but not all	42	50	56	54	51
Out-of-work household	51	40	36	35	38
<b>Number of children in family</b>					
One child	28	24	25	25	26
Two children	37	38	33	41	39
Three or more children	35	38	43	35	36
<b>Number of disabled adults in family</b>					
None	71	73	79	82	75
One or more	29	27	21	18	26
<b>Ethnic group</b>					
White	93	70	68	38	74
Mixed	[2]	[6]	7	16	7
Asian or Asian British	[2]	17	22	23	13
Black or Black British	[2]	[4]	[2]	13	4
Chinese/other	[2]	[2]	[2]	11	3
<b>State support received by family</b>					
Working Tax Credit	17	20	26	14	17
Child Tax Credit	82	74	80	58	70
Income Support	18	16	14	10	14
<b>Age of youngest child in family<sup>1</sup></b>					
0-4	43	47	52	52	46
5-10	30	30	21	24	27
11-19	27	23	27	25	26
<b>Tenure</b>					
Owners	35	42	50	39	43
-Owned outright	20	27	28	15	25
-Buying with mortgage	81	73	72	85	75
Social rented sector	51	34	31	37	36
-Rented from council	59	42	74	63	56
-Rented from housing association	41	58	26	38	44
All rented privately	15	24	19	24	21
-Rented privately furnished	93	90	82	58	84
-Rented privately unfurnished	[7]	10	18	42	16
<b>All children</b>	100	100	100	100	100
Unweighted N (families with children with equivalent income under 60% median)	158	404	299	337	3399

Notes: proportions based on 50 unweighted cases or fewer are in square brackets [ ]



Tables 1.3 and 1.4 show changes in the relative child poverty rates and composition in the NE over the two time periods. The results need to be treated with caution because despite combining years the numbers in the cells of the table are quite small. But it does look as though

- The relative child poverty rate fell
- Particularly for lone parents and
- Lone parents not in employment
- It also fell for couples with children and
- For out of work households
- Households with two or more children
- In fact it fell for almost all subgroups

As a result the composition of poor households changed

- More poor children in couple households
- With at least one adult in work
- One child families
- Receiving child tax credit.

**Table 1.3: Changes in the risk of being in poverty (below 60% of median equivalised disposable household income Before Housing Costs) by family and household characteristics of children. Source: own analysis of HBAI 2003/04 – 2006/07 and 2010/11-2012/13**

	2003/04 – 2006/07	2010/11- 2012/13	% change
<b>Economic status and family type<sup>1</sup></b>			
Lone parent	46	25	-45
-In full-time work	7	6	-12
-In part-time work	28	10	-64
-Not working	67	40	-41
Couple with children	21	20	-6
-Self-employed	33	24	-26
-Both in full-time work	0	3	
-One in full-time work, one in part-time work	5	4	-13
-One in full-time work, one not working	23	29	23
-One or more in part-time work	58	72	25
-Both not in work	63	24	-62
<b>Economic status of household<sup>1</sup></b>			
All adults in work	1	4	457
At least one in work, but not all	32	24	-25
Out-of-work household	66	51	-24
<b>Number of children in family</b>			
One child	20	20	3
Two children	28	17	-39
Three or more children	39	31	-21
<b>Number of disabled adults in family</b>			
None	26	20	-23
One or more	37	25	-34
<b>Ethnic group</b>			
White	28	21	-26
Mixed	16	52	218
Asian or Asian British	47	24	-48
Black or Black British	54	43	-20
Chinese/other	82	62	-25
<b>State support received by family</b>			
Working Tax Credit	29	19	-34
Child Tax Credit	24	25	2
Income Support	66	34	-48
<b>Age of youngest child in family<sup>1</sup></b>			
0-4	31	23	-27
5-10	30	20	-33
11-19	23	20	-11
<b>Tenure</b>			
Owners	14	13	-9
-Owned outright	22	26	16
-Buying with mortgage	13	12	-14
Social rented sector	55	39	-28
-Rented from council	58	37	-37
-Rented from housing association	47	43	-10
All rented privately	55	20	-63
-Rented privately furnished	56	20	-64
-Rented privately unfurnished	48	24	-50
Other	51		-100
<b>All children</b>	28	21	-26
Unweighted N (families with children)	1373	752	

**Table 1.4: Changes in the child poverty composition (below 60% of median equivalised disposable household income Before Housing Costs) by family and household characteristics of children. Source: Own analysis of HBAI 2003/04 – 2006/07 and 2010/11-2012/13**

	2003/04 – 2006/07	2010/11- 2012/13	% change
<b>Economic status and family type<sup>1</sup></b>			
Lone parent	48	31	-35
-In full-time work	1	1	-38
-In part-time work	8	18	121
-Not working	38	81	113
Couple with children	53	69	32
-Self-employed	8	15	81
-Both in full-time work	4	4	0
-One in full-time work, one in part-time work	13	6	-57
-One in full-time work, one not working	11	40	261
-One or more in part-time work	17	37	118
-Both not in work	8	15	81
<b>Economic status of household<sup>1</sup></b>			
All adults in work	21	8	-62
At least one in work, but not all	25	42	67
Out-of-work household	55	51	-7
<b>Number of children in family</b>			
One child	20	28	40
Two children	44	37	-16
Three or more children	36	35	-3
<b>Number of disabled adults in family</b>			
None	74	71	-4
One or more	26	29	10
<b>Ethnic group</b>			
White	94	93	-1
Mixed	0	2	633
Asian or Asian British	3	2	-53
Black or Black British	0	2	433
Chinese/other	2	2	-17
<b>State support received by family</b>			
Working Tax Credit	20	17	-15
Child Tax Credit	52	82	57
Income Support	45	18	-60
<b>Age of youngest child in family<sup>1</sup></b>			
0-4	43	43	1
5-10	36	30	-17
11-19	21	27	27
<b>Tenure</b>			
Owners	33	35	7
-Owned outright	5	20	290
-Buying with mortgage	28	81	193
Social rented sector	54	51	-5
-Rented from council	38	59	54
-Rented from housing association	15	41	168
All rented privately	13	15	10
-Rented privately furnished	12	93	677
-Rented privately unfurnished	1	7	423
Other	1		-100
<b>All children</b>	100	100	
Unweighted N (families with children)	366	158	

So far the analysis has been restricted to income poverty. Since 2004/5 the Family Resources Survey has included a set of questions designed to measure material deprivation. These were designed by DWP to be used in the “third tier” measure of poverty which is the proportion of children living in households with equivalent income less than 70 per cent of the median and scoring more than 25 on a deprivation index. Deprivation is arguably a more direct measure of child poverty and the items in the index have their origins in the “socially perceived necessities” items derived from the Poverty and Social Exclusion Survey<sup>7</sup>. Another reason for observing deprivation is that the income poverty threshold has fallen since 2008/9 as real incomes have fallen. So a reduction in child income poverty could be the result of a falling threshold rather than a real improvement in living standards.

We have chosen four deprivation indicators:

- The mean deprivation score.
- The % of households with children scoring more than 25 on the deprivation score.
- The % of households scoring more than 25 and with income less than 70% of the median – this is the Child Poverty Act deprivation measure.
- The % of households scoring more than 25 and with income less than 50% of the median.

Table 1.5 compares the NE with other regions the UK on these three indicators in 2012/2013. The NE has deprivation scores on all the indicators above the average for the UK. But it does not have the highest proportion with deprivation scores over 25 – London does thanks to the impact of housing costs on living standards in London. The NE and YH have the highest percentage with scores over 25 and income less than 70% of median and the NW has the highest proportion with scores over 25 and income less than 50% of median.

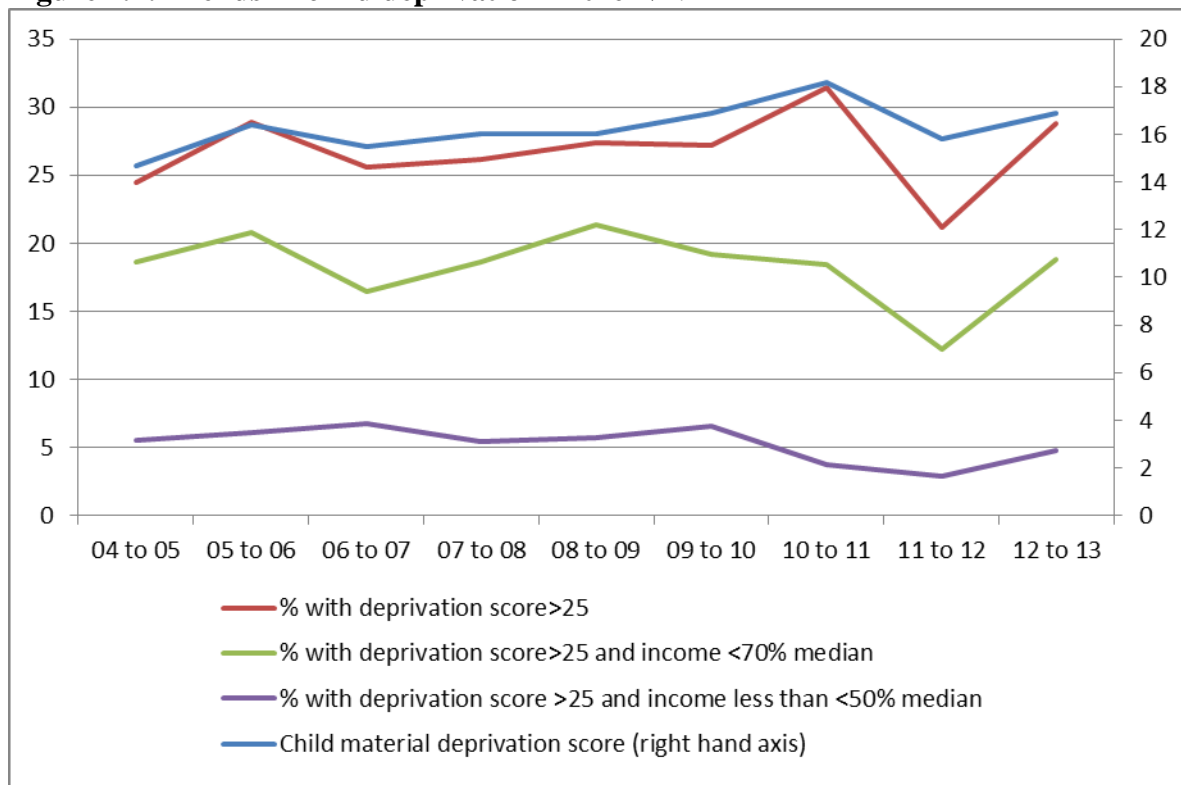
**Table 1.5: Deprivation in 2012/13**

	Child material deprivation score	% with deprivation score >25	% with deprivation score >25 and income <70% median	% with deprivation score >25 and income <50% median
NE	18	29	19	5
NW	16	27	14	6
YH	16	27	19	4
London	18	34	16	5
UK	14	23	12	4

Figure 1.2 shows trends in NE deprivation between 2004/05 and 2012/13. The picture fluctuates (partly due to sampling error) but the two deprivation measures that are independent of an income threshold – the mean deprivation score and the proportion scoring more than 25 - were both higher in 2012/13 than they were in 2004/05. This suggests that the reduction in relative child income poverty observed earlier may not have been the result of improved living standards.

<sup>7</sup> Gordon, D., Adelman, L., Ashworth, K., Bradshaw, J., Levitas, R., Middleton, S., Pantazis, C., Patsios, D., Payne, S., Townsend, P. and Williams, J. (2000) *Poverty and Social Exclusion in Britain*, Joseph Rowntree Foundation: York

**Figure 1.2: Trends in child deprivation in the NE.**



## PART 2: Children in families receiving out-of-work benefits in the North East

This part of the analysis is based on DWP data on children living in families receiving out-of-work benefits. The out-of-work benefits include Income Support, Job Seeker's Allowance (JSA), Incapacity Benefit (IB), Severe Disablement Allowance (SDA) and Pension Credit. This data is similar to the IDACI indicator in the Index of Deprivation (see Part 3). However it is not identical. Unlike IDACI, it includes children in families receiving non income tested JSA, IB and SDA. These are not included in the IDACI index because, because they are not income tested, recipients may have incomes well above the poverty level. Also the IDACI index covers the working poor - by including families receiving Child Tax Credit with income less than 60 per cent of the median. On the whole the IDACI index is probably a better indicator of the prevalence of child poverty but it is based on 2010 data and this DWP data is more up-to-date

Table 2.1 is a ranking for 2012 and 2013 of the local authorities in the NE and the gives the percentage of children (0-15) in families receiving out-of-work benefits as well as the national rank out of 326 LAs. Middlesbrough was the LA with the highest percentage in England in 2013. All the NE LAs went down the league table between 2012 and 2013 except North Tyneside, Gateshead and Sunderland. Hartlepool did not change rank.

We cannot compare the LA ranks with the earlier reports which included data for all LA Districts. However the final column of the Table gives the ranks for the Unitary Authorities in 2007. In most authorities the percentages fell between 2007 and 2013, Hartlepool and Middlesbrough were exceptions.

**Table 2.1: Percentage of children living in families receiving out-of-work benefits and national ranking of LAs in England.**

	2012 %	Rank out of 326 2012	2013%	Rank out of 326 2013	2007%
Middlesbrough	35%	325	34%	326	32
Hartlepool	31%	317	30%	317	29
South Tyneside	28%	291	27%	309	28
Redcar and Cleveland	27%	298	26%	306	26
Sunderland	27%	297	25%	296	25
Newcastle upon Tyne	26%	289	25%	295	29
County Durham	25%	271	23%	282	-
Stockton-on-Tees	23%	251	22%	258	22
Gateshead	23%	253	22%	252	24
Darlington	21%	230	20%	240	21
North Tyneside	21%	226	19%	221	20
Northumberland	19%	194	18%	210	-

Table 2.2 gives the 20 Lower Layer Super Output Areas (LSOAs)<sup>8</sup> in the NE with the highest proportion of children living in families receiving out-of-work benefits<sup>9</sup>. In

<sup>8</sup> DWP round the numbers of children in each LLSOA to the nearest 5.

<sup>9</sup> LLSOAs<sup>9</sup> are geographical areas first derived in 2004 using 2001 Census outputs. They are spatially contiguous areas with a mean population of 1500 and a minimum of 1000 which are designed to be relatively socially homogenous and constrained to 2003 ward boundaries. They have the advantages over wards of being smaller, stable over time and of a more consistent population size. They have the advantage over enumeration districts of having boundaries determined by the character of the

the NE the LSOA with the highest proportion of children in families on out-of-work benefits in 2013 was in Stockton (65.6%). Also listed in the Table are the LSOAs with no children in households on out-of-work benefits.

**Table 2.2: 20 LSOAs in the NE with the highest percentage of children in families on out-of-work benefits 2013**

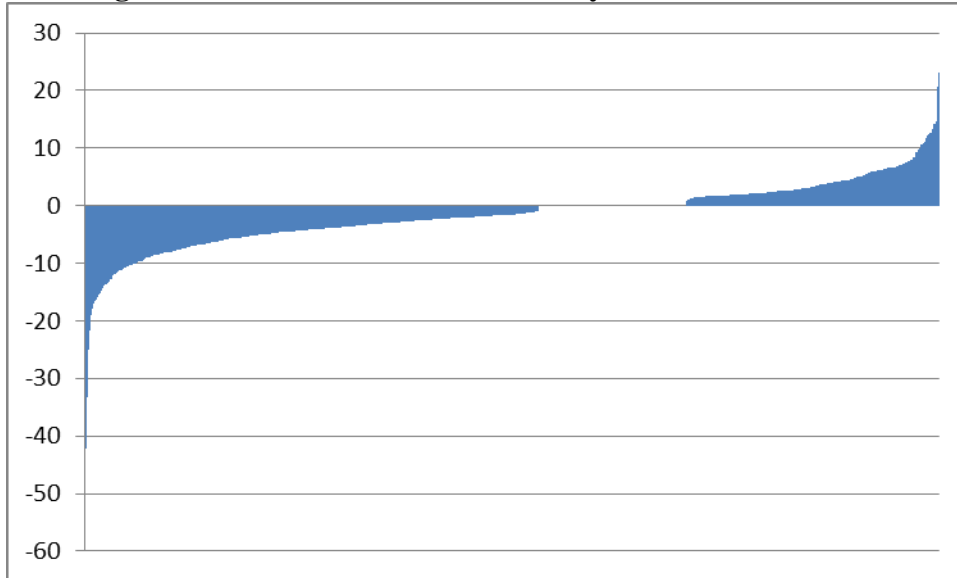
LA	LSOA	Percentage of children in LSOA on out-of-work benefits
		2013
North Tyneside	E01008540	57
Middlesbrough UA	E01012045	57
Sunderland	E01008736	57
Middlesbrough UA	E01012039	57
County Durham UA	E01020909	58
County Durham UA	E01020764	58
Newcastle upon Tyne	E01008417	58
Middlesbrough UA	E01012036	58
Middlesbrough UA	E01012091	58
Sunderland	E01008817	59
Newcastle upon Tyne	E01008305	59
Gateshead	E01008164	60
Northumberland UA	E01027416	60
Hartlepool UA	E01011956	62
Redcar and Cleveland UA	E01012114	62
Redcar and Cleveland UA	E01012170	63
Hartlepool UA	E01012000	64
Middlesbrough UA	E01012076	65
Stockton-on-Tees UA	E01012252	66

Figure 2.1 presents the percentage point change in the percentage of children in families on out-of-work benefits between 2010 and 2013. More LSOAs had reductions in their rates than had increases.

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population, including size, mutual proximity and social homogeneity<sup>9</sup>, rather than roads or other physical features. There are 32,482 LLSOAs in England and 1656 in the NE. The numerator is children 0-15 in families receiving out of work benefits in 2013. The denominator is the number of children 0-15 receiving child benefit in 2011.

**Figure 2.1: Percentage point change in the percentage of children in in families receiving out-of-work benefits 2010-2013 by LSOA in the NE**





### **PART 3: *End Child Poverty* estimates of child poverty at local authority and smaller area level in the North East in 2013**

The DWP data on children living in households on out-of-work benefits above leave a lot to be desired. They assume that all such children are poor and they exclude poor children who are not living in households on out-of-work benefits – the low paid. The latest HBAI analysis of child poverty indicates that nearly two-thirds of children living in poverty have someone in employment. This problem has been dealt with by the introduction of the Index of Deprivation Affecting Children (IDACI). The IDACI index is produced by HMRC as part of the Index of Deprivation and DCLG commissioned the Universities of Oxford and York to undertake a spatial analysis of child well-being as a development of the 2007 Index of Deprivation<sup>10</sup>. The data is on the NE Child Poverty Commission website [here](#). The IDACI index formed the material well-being component of that index. IDACI is defined as

- Children aged 0-15 in households claiming Income Support
- Children aged 0-15 in households claiming Income Based Jobseeker's Allowance
- Children aged 0-15 in households claiming Pension Credit (Guarantee)
- Children aged 0-15 in households claiming Working Tax Credit in receipt of Child Tax Credit whose equivalised income (excluding housing benefits) is below 60 per cent of the median before housing costs
- Children aged 0-15 in households claiming Child Tax Credit (who are not eligible for Income Support, Income Based Jobseeker's Allowance, Pension Credit or Working Tax Credit) whose equivalised income (excluding housing benefits) is below 60 per cent of the median before housing costs.

Hirsch on behalf of *End Child Poverty* took the HMRC IDACI estimates and updated them using data from the Labour Force Survey on changes in the proportion of children in employed and non-employed families at local authority level. In a recent paper<sup>11</sup> Hirsch and Valadez have introduced further adjustments to their methods<sup>12</sup> using the following steps:

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<sup>10</sup> Bradshaw J, Noble M, Bloor K, Huby M, McLennan D, Rhodes D, Sinclair I, Wilkinson K. (2009) A Child Well-Being Index at Small Area Level in England, *J. Child Indicators Research* 2, 2, 201-219.

<sup>11</sup> Donald Hirsch and Laura Valadez (2014) Local indicators of child poverty – developing a new technique for estimation Note by, Centre for Research in Social Policy, Loughborough University, July 2014

[http://www.endchildpoverty.org.uk/images/ecp/paper\\_explaining\\_calculations\\_and\\_method\\_to\\_ECP.pdf](http://www.endchildpoverty.org.uk/images/ecp/paper_explaining_calculations_and_method_to_ECP.pdf)

<sup>12</sup> Step 1: Compile HMRC data for in and out-of-work local relative child poverty rates, published for two years preceding the year under review.

Step 2: Adjust both of these rates to create local estimates of actual child poverty for the same year, both AHC and BHC. For out-of-work rates make these estimates by multiplying the numbers on IS/JSA by the overall risk of a child in a non-working family being in poverty. For in-work rates, make the estimates by adjusting odds of a child in a working family being in poverty compared to not in poverty, by a factor that produces the “correct” (HBAI) national poverty figure AHC, and repeat for BHC.

Step 3: Adjust each of the out-of-work poverty rates for most recent year, by multiplying the out-of-work rates by the proportionate change in the national risk of a child being in a non-working household, as shown by the Labour Force Survey over the relevant two year period. Repeat for working families on the same basis.

Step 4: Combine the resulting in and out-of-work poverty rates for all wards, local authorities and parliamentary constituencies to produce the final estimates of child poverty.

The latest estimates<sup>13</sup> for October 2013 produced using this method have been published at ward, local authority (LA) and Parliamentary Constituency (PC) level but not at LSOA. However Hirsch and Valadez provided the LSOA data for the NE for this project. Table 3.1 gives the relative child poverty rates before and after housing costs for LAs and Table 3.2 for PCs in the North East.

**Table 3.1: Relative child poverty rates by LA in the NE**

	BEFORE HOUSING COSTS	AFTER HOUSING COSTS
Northumberland	14%	22%
North Tyneside	14%	23%
Stockton-on-Tees	15%	25%
Darlington	16%	25%
County Durham	17%	27%
Gateshead	17%	27%
Redcar and Cleveland	17%	28%
South Tyneside	18%	29%
Sunderland	18%	29%
Hartlepool	20%	31%
Newcastle upon Tyne	20%	32%
Middlesbrough	22%	35%

**Table 3.2: Relative child poverty rates by PC in the NE**

	BEFORE HOUSING COSTS	AFTER HOUSING COSTS
Hexham	10%	16%
Tynemouth	12%	19%
Stockton South	12%	20%
Berwick-upon-Tweed	13%	21%
Blaydon	14%	23%
City of Durham	15%	23%
Blyth Valley	15%	24%
North West Durham	15%	24%
Jarrow	15%	24%
Newcastle upon Tyne North	15%	25%
Wansbeck	15%	25%
Sedgefield	16%	26%
North Tyneside	16%	26%
Bishop Auckland	16%	26%
North Durham	17%	26%
Darlington	17%	27%
Middlesbrough South and East Cleveland	17%	27%
Houghton and Sunderland South	17%	27%
Redcar	18%	28%
Stockton North	19%	30%
Washington and Sunderland West	19%	30%

<sup>13</sup> [http://www.endchildpoverty.org.uk/images/ecp/Report\\_on\\_child\\_poverty\\_map\\_2014.pdf](http://www.endchildpoverty.org.uk/images/ecp/Report_on_child_poverty_map_2014.pdf)

Sunderland Central	19%	30%
Easington	20%	31%
Hartlepool	20%	31%
Newcastle upon Tyne East	20%	31%
Gateshead	20%	32%
South Shields	20%	32%
Newcastle upon Tyne Central	25%	38%
Middlesbrough	24%	38%

Table 3.3 lists the 20 wards in the NE with the lowest relative child poverty rates. Northumberland has three wards in this list and Stockton has five.

**Table 3.3: 20 NE wards with the lowest relative child poverty rates**

LA	Ward	Relative child poverty rate before housing costs	Relative child poverty rate after housing costs
Northumberland	Stocksfield and Broomhaugh	2%	4%
Darlington	Mowden	3%	5%
North Tyneside	St Mary's	3%	6%
Northumberland	South Blyth	4%	6%
County Durham	Neville's Cross	4%	6%
Stockton-on-Tees	Western Parishes	4%	7%
Northumberland	Cramlington North	4%	7%
Hartlepool	Elwick	4%	7%
Hartlepool	Park	4%	7%
Newcastle upon Tyne	North Jesmond	5%	8%
Stockton-on-Tees	Billingham West	5%	8%
Northumberland	Morpeth North	5%	8%
Darlington	Hummersknott	5%	8%
South Tyneside	Cleadon and East Boldon	5%	8%
Stockton-on-Tees	Hartburn	5%	9%
North Tyneside	Monkseaton North	5%	9%
Newcastle upon Tyne	Dene	6%	9%
Stockton-on-Tees	Ingleby Barwick West	6%	9%
County Durham	Newton Hall	6%	10%
Stockton-on-Tees	Northern Parishes	6%	10%

Table 3.4 list the 20 wards in the NE with the highest relative child poverty rates. Wards in Northumberland and Stockton are also on this list. Middlesbrough has seven wards in the top 20, Hartlepool has three and Newcastle five.

**Table 3.4: 20 NE wards with the highest relative child poverty rates**

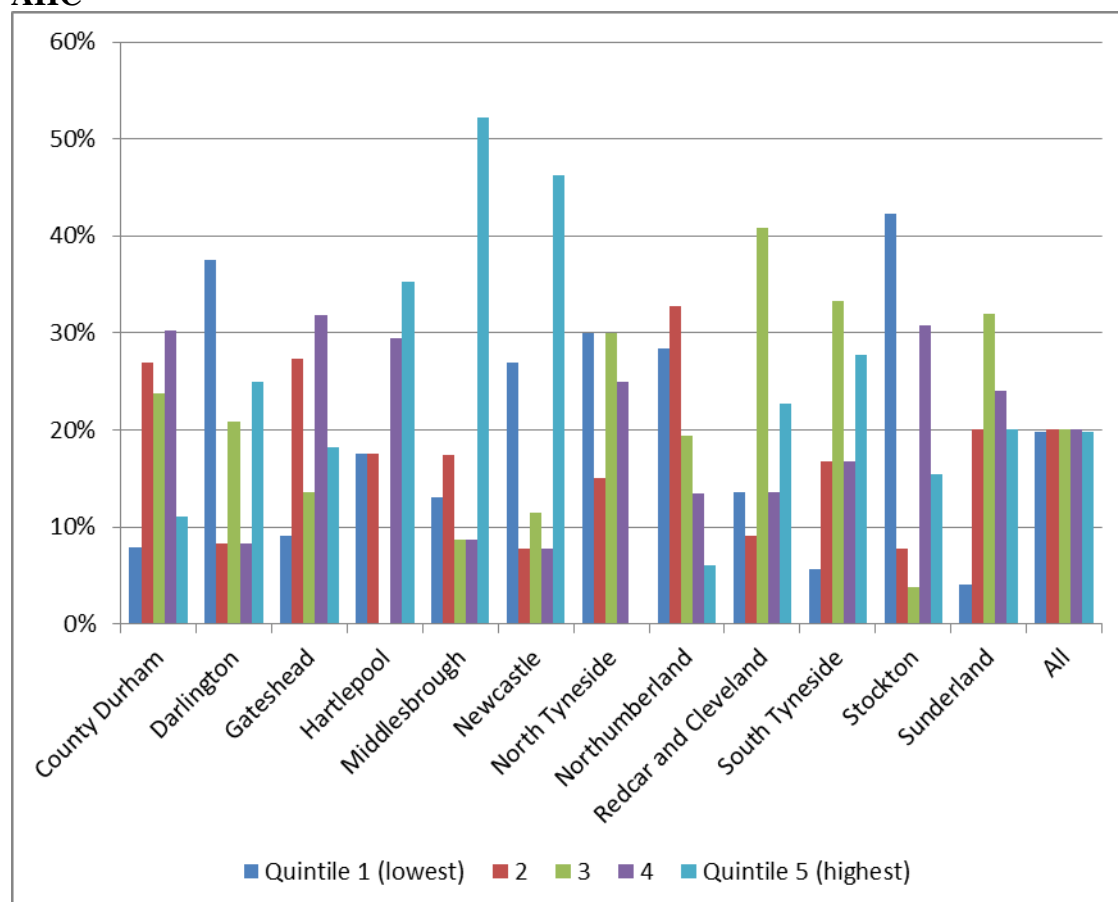
LA	Ward	Relative child poverty rate before housing costs	Relative child poverty rate after housing costs
Northumberland	Croft	27%	41%
Middlesbrough	Beechwood	27%	41%
Northumberland	Hirst	27%	42%
Darlington	Haughton East	28%	42%
Middlesbrough	Park End	27%	42%
Newcastle upon Tyne	Byker	28%	43%
Newcastle upon Tyne	Wingrove	30%	43%
Newcastle upon Tyne	Walker	28%	44%
Stockton-on-Tees	Stockton Town Centre	29%	44%
Hartlepool	Owton	29%	45%
Hartlepool	Dyke House	29%	45%
Sunderland	Hendon	30%	45%
Newcastle upon Tyne	Westgate	30%	45%
Middlesbrough	North Ormesby and Brambles Farm	30%	46%
Middlesbrough	Middlehaven	30%	46%
Middlesbrough	Thorntree	30%	46%
Middlesbrough	Gresham	31%	46%
Hartlepool	Stranton	30%	46%
Redcar and Cleveland	Grangetown	30%	47%
Newcastle upon Tyne	Elswick	32%	47%
Middlesbrough	University	35%	51%

Tables 3.5 present the quintile distribution of wards by relative child poverty rates AHC. Figure 3.1 compares LAs by the proportion of wards in each quintile of child poverty North Tyneside has no wards in the bottom quintile. Stockton has most wards in the top quintile. Middlesbrough has most wards in the bottom quintile. In most areas there is little difference before and after housing costs but Redcar and Cleveland have a higher proportion in the bottom quintile after housing costs indicating high housing costs in some poorer wards in that LA (Kirkleat and South Bank). Stockton in contrast has fewer wards in the bottom quintile after housing costs indicating low housing costs (in Stainsby).

**Table 3.5: Quintile distribution of wards by LA by relative child poverty rates AHC**

	Quintile 1 (lowest)	2	3	4	Quintile 5 (highest)	
County D	8%	27%	24%	30%	11%	100%
Darlington	38%	8%	21%	8%	25%	100%
Gateshead	9%	27%	14%	32%	18%	100%
Hartlepool	18%	18%		29%	35%	100%
Middlesbrough	13%	17%	9%	9%	52%	100%
Newcastle	27%	8%	12%	8%	46%	100%
North Tyneside	30%	15%	30%	25%		100%
Northumberland	28%	33%	19%	13%	6%	100%
Redcar and Cleveland	14%	9%	41%	14%	23%	100%
South Tyneside	6%	17%	33%	17%	28%	100%
Stockton	42%	8%	4%	31%	15%	100%
Sunderland	4%	20%	32%	24%	20%	100%
All	20%	20%	20%	20%	20%	100%

**Figure 3.1 Quintile distribution of wards in in NE LAs % wards in each quintile AHC**



It is possible to classify Local authorities into four groups on the basis of whether they have a higher or lower proportion of wards in the poorer quintiles and whether the wards are more or less unequal within a local authority. This has been done in Table

3.6 on the basis of data in Table 3.5. There may be lessons here for the targeting of anti-poverty strategies. The areas with a more even distribution might need a targeted strategy and those with a more polarised distribution might need a cross LA strategy

**Table 3.6: Four way classification of NE LAs based on the distributions of their ward relative child poverty rates AHC**

	Majority richer wards	More poorer wards
More dispersed	Northumberland North Tyneside	Hartlepool Middlesbrough South Tyneside Sunderland Newcastle
Less dispersed	Stockton Durham Darlington	Gateshead Redcar and Cleveland

As a result of us asking, Hirsch and Valadez very kindly provided the same data at LSOA level for the NE. Table 3.7 give the 20 LSOAs in the NE with the highest relative child poverty rates. This data is available [here](#).

**Table 3.7: Relative child poverty rate at LSOA level 2013. Top 20 AHC**

LSOA	LA	Relative child poverty rate AHC	Relative child poverty rate BHC
E01008171	Gateshead 008D	49%	35%
E01008254	Gateshead 010D	50%	35%
E01008702	Sunderland 016A	52%	35%
E01008457	Newcastle upon Tyne 004C	51%	35%
E01012113	Redcar and Cleveland 009A	52%	36%
E01027416	Blyth Valley 001C	52%	36%
E01008406	Newcastle upon Tyne 023A	52%	36%
E01027552	Wansbeck 007G	51%	36%
E01011974	Hartlepool 005B	53%	36%
E01012059	Middlesbrough 002B	54%	36%
E01012078	Middlesbrough 005A	53%	37%
E01008395	Newcastle upon Tyne 024B	53%	37%
E01008408	Newcastle upon Tyne 023C	53%	37%
E01008836	Sunderland 016F	52%	38%
E01008666	South Tyneside 002C	54%	38%
E01012327	Darlington 009B	55%	38%
E01012093	Middlesbrough 001E	54%	39%
E01011956	Hartlepool 003B	56%	39%
E01008332	Newcastle upon Tyne 029B	55%	40%
E01008331	Newcastle upon Tyne 029A	58%	41%
E01008398	Newcastle upon Tyne 022C	59%	43%

## **Conclusions**

### **The data**

The data that is available on child poverty at local and regional level is not entirely satisfactory.

The HBAI series, based on the relatively small sample carried out for the Family Resources Survey, is only able to produce estimates at regional level if three years are combined and the latest data we have is for 2010-2012. However secondary analysis can tell us something about the characteristics of poor children in the NE and how they compare with poor children in other regions. It would be worth undertaking the kind of analysis in Part 1 of this report on an annual basis.

The DWP data on children living in households on out-of-work benefits provides numbers at LA and LSOA levels and it is a bit more up-to-date than HBAI (currently 2013). However this data is not satisfactory as a measure of child poverty. Most poor children are no longer in families that are receiving out-of-work benefits, and some who are, are not living in poverty. Changes in out-of-work benefits, especially the roll-out of Universal Credit will make the analysis over-time unreliable and the DWP only publishes numbers of children to the nearest five and the denominators (the number of dependent children in an LSOA) have to be derived from older (2011) data on children receiving child benefit.

The IDACI index is probably the best data there is on child poverty as it is based on the number of children in families receiving out-of-work benefits and tax credits with income below the poverty threshold. But the latest IDACI estimates are for 2010. They are produced at LA, Ward and LSOA as rates. Hirsch for *End Child Poverty* has made a valiant effort to provide more up-to-date data by adjusting and updating the IDACI data using the latest estimates from the Labour Force Survey. Their latest estimates are for October 2013. Unfortunately published data is only available at LA, Constituency and Ward level but we have also obtained the data at LSOA level.

What is coming on-stream? The new English Index of Deprivation will be published in summer 2015 and this will contain IDACI data for 2012, as well as other data relevant to child poverty, particularly the education domain. It would be fairly simple to build on the ID and produce an index of deprivation for children, similar to that we published in 2009, but it is work that will need funding. There are three figures in an annex which illustrate what can be observed with a wider range of domains at local and LSOA level.

### **The results**

The NE Region no longer has the highest child income poverty rates in the UK. It has the third highest before housing costs and the sixth highest after housing costs. The relative child poverty rate is highest in the NE in lone parent families (25%), workless families (51%), one child families (20%), white families (21%), and social tenants (39%). But 69% of poor children in the North East live in couple families, 76% have a parent in employment and 35% are home owners. Between 2003-2007 and 2010-2012 the relative child poverty rate fell in the North East most sharply for lone parent families and lone parents out of employment. However child material deprivation scores are highest in the NE region and they were higher in 2012/13 than they were in 2004/05 – indicating that the reduction in child income poverty has not resulted in a reduction in child deprivation.

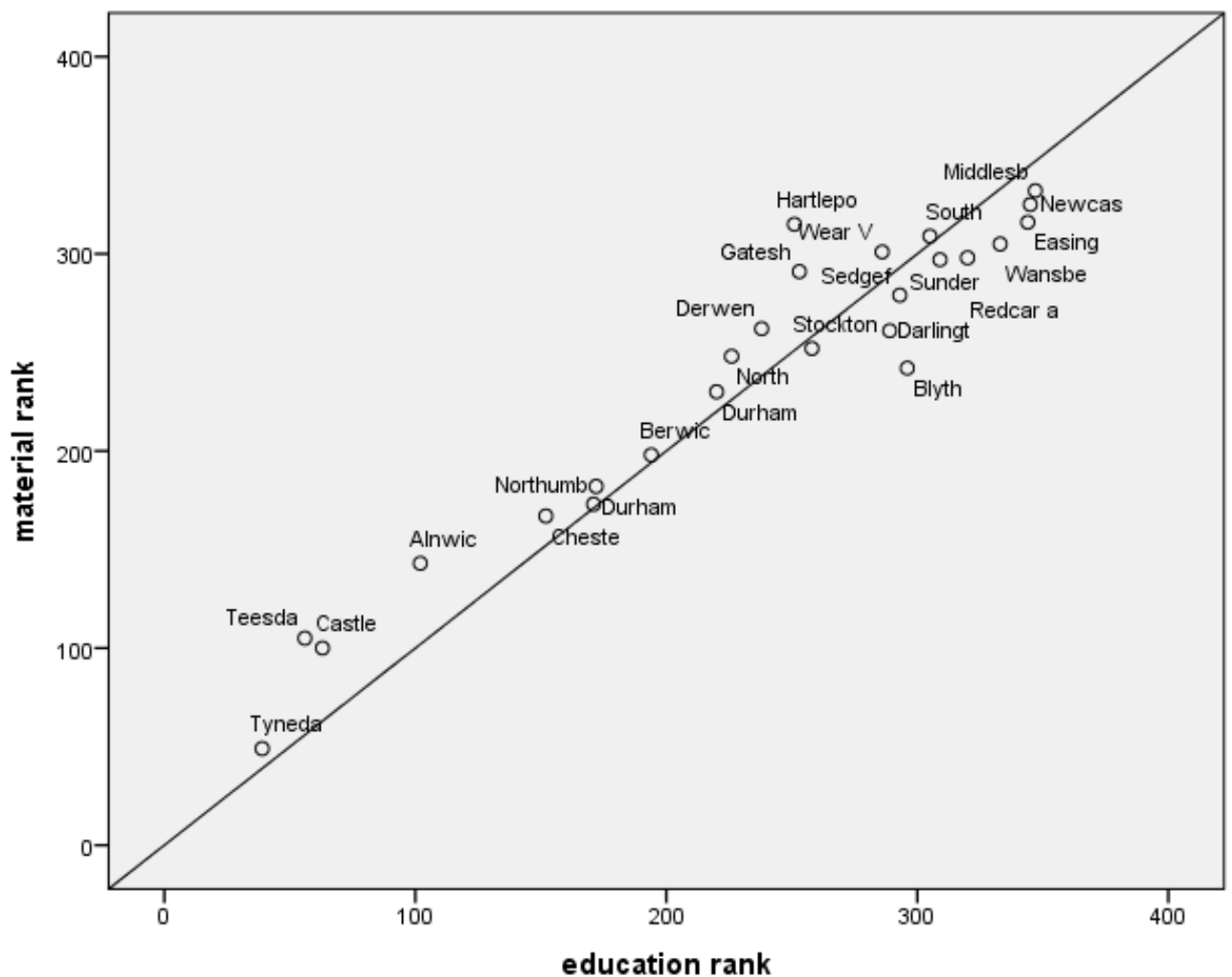
Out of all the local authorities (LAs) in England, Middlesbrough had the highest proportion of children in families on out-of-work benefits in 2013 (34%) and this proportion had increased since 2007. A Lower Level Super Output Area (LSOA) in Stockton has 66% of its children living in households on out-of-work benefits in 2013, though more LSOAs had reductions in this proportion than increases between 2010 and 2013. Middlesbrough (35%) also has the highest relative child poverty rate after housing costs (AHC) in the NE in 2013 followed by Newcastle (32%) and Sunderland (29%). The highest child poverty (AHC) ward in the NE is University in Middlesbrough (51%) followed by Elswick in Newcastle (47%). Some local authorities have concentrations of child poverty in a few wards. Others have child poverty more evenly distributed across their wards. A more concentrated distribution may call for more focussed policies.



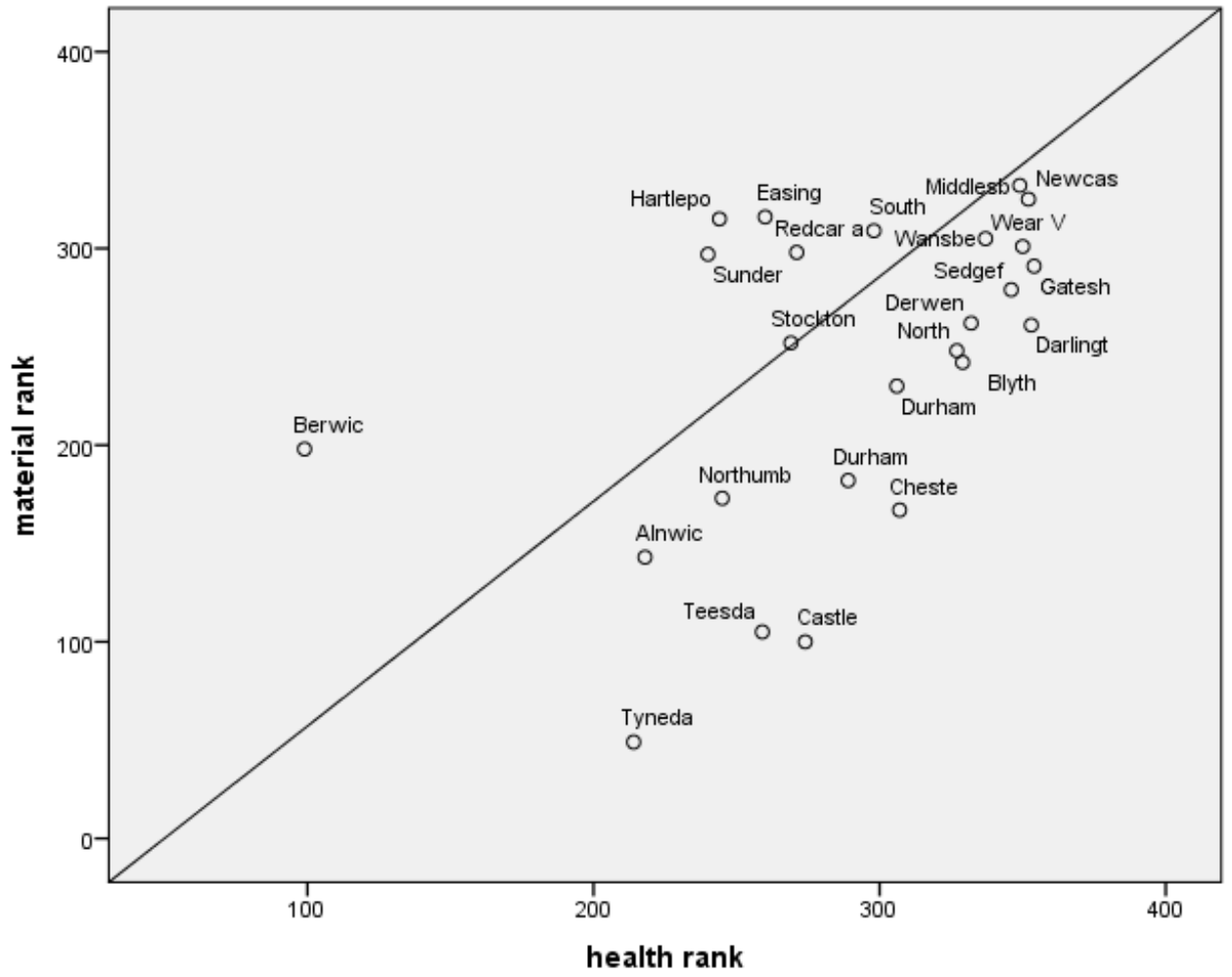
## Appendix 1:

These final three slides illustrate some of the interesting findings for North East arising from the local index of child well-being. Each scatter plots the NE LAs on their child poverty national rank (out of 326 LAs) on the vertical axis, against another domain on the horizontal axis. In Figure C1 the national rank of local authorities on the Education domain is more or less what would be expected given the relative child poverty rates. However health in Figure C2 in most of the NE LAs is much worse than you would expect given the child poverty. Housing in Figure C3 is much better than you would expect given the child poverty.

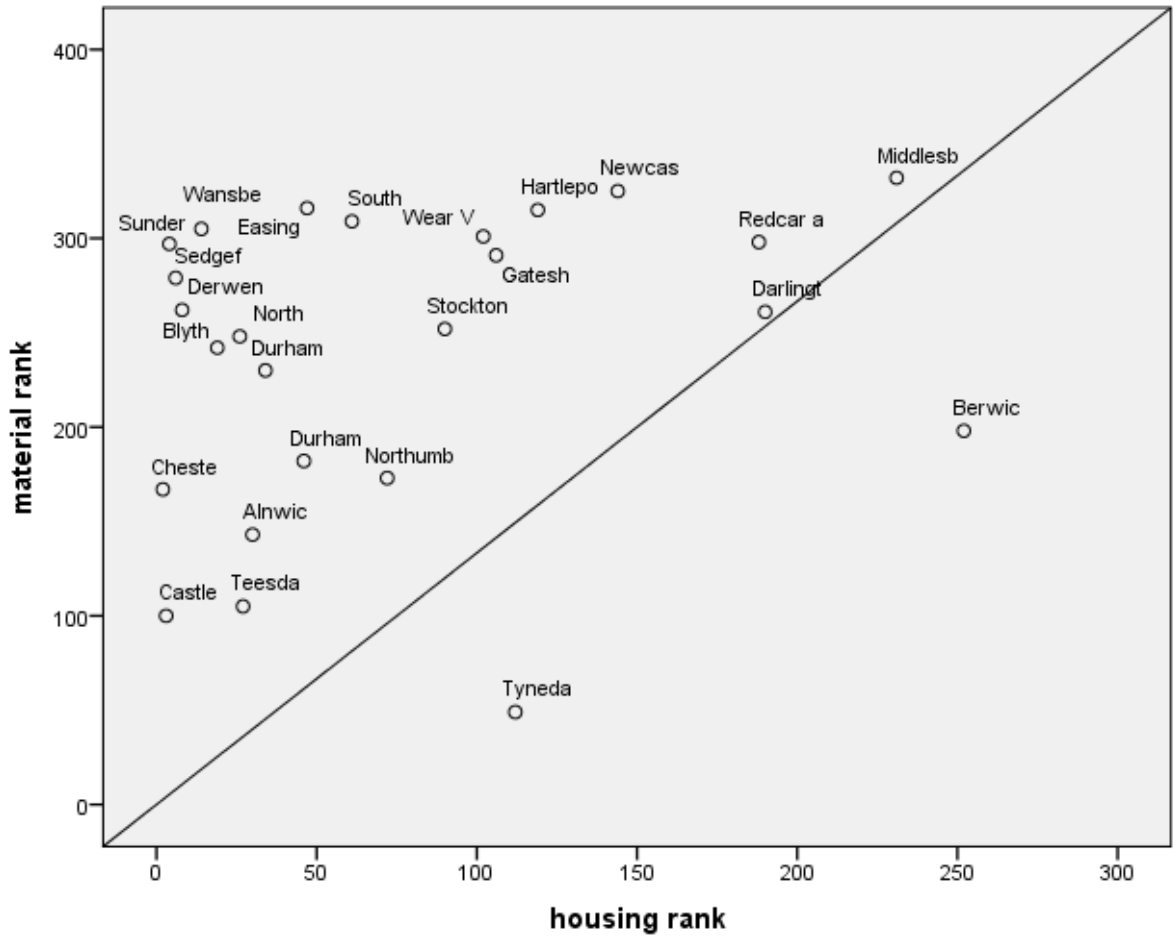
**Figure C1: Child poverty and education NE LAs in national ranks**



**Figure C2: Child poverty and health NE LAs in national ranks**



**Figure C3: Child poverty and housing NE LAs in national ranks**



## APPENDIX 2

**Table A2.1 At risk of Poverty (under 60% of deflated, equivalised After Housing Costs median income (OECD)) (row percentages)**

	North East	North West	Yorkshire/ Humberside	London	England
<b>Economic status and family type<sup>1</sup></b>					
Lone parent	41.0	44.4	47.9	53.7	41.7
-In full-time work	[33.3]	[27.3]	[19.0]	[46.4]	38.5
-In part-time work / self-employed	[19.4]	23.2	[60.6]	37.5	23.0
-Not working	60.7	63.5	39.2	67.9	61.6
Couple with children	23.4	24.2	25.5	30.9	22.8
-Self-employed	[31.9]	32.9	[30.3]	33.8	30.2
-Both in full-time work	[2.9]	[4.1]	[1.6]	[5.7]	4.2
-One in full-time work, one in part-time work	[6.8]	[8.4]	[8.4]	[12.0]	8.2
-One in full-time work, one not working	[29.8]	31.2	31.2	31.5	29.2
-One or more in part-time work	[38.3]	[51.8]	55.2	71.4	57.6
-Both not in work	[82.6]	71.6	69.8	80.3	72.5
<b>Economic status of household<sup>1</sup></b>					
All adults in work	6.2	8.6	6.2	12.2	7.8
At least one in work, but not all	30.5	33.3	34.8	40.2	32.7
Out-of-work household	67.4	65.1	63.6	70.9	64.5
<b>Number of children in family</b>					
One child	24.9	27.4	27.4	25.8	32.5
Two children	23.8	26.0	26.0	27.2	34.2
Three or more children	[39.9]	38.9	38.9	34.4	45.5
<b>Number of disabled adults in family</b>					
None	25.6	27.5	28.0	35.5	25.2
One or more	35.1	38.5	32.4	43.8	36.0
<b>Ethnic group</b>					
White	27.2	27.0	25.8	26.4	24.0
Mixed	[51.8]	46.9	45.4	44.3	40.4
Asian or Asian British	[40.3]	46.8	48.3	48.9	47.1
Black or Black British	[53.6]	49.7	[43.0]	49.9	42.7
Chinese/other	[61.9]	[50.0]	[36.1]	52.1	46.2
<b>State support received by family</b>					
Working Tax Credit	30.1	27.7	30.2	51.1	31.8
Child Tax Credit	34.0	37.2	35.6	52.4	36.0
Income Support	57.1	57.8	59.0	64.3	56.4
<b>Age of youngest child in family<sup>1</sup></b>					
0-4	29.4	33.9	32.6	39.4	30.4
5-10	28.5	28.5	24.0	33.0	24.7
11-19	25.3	24.7	27.7	35.7	24.8
<b>Tenure</b>					
Owners	13.8	15.4	17.1	17.2	14.0
-Owned outright	18.8	18.7	21.7	12.4	15.8
-Buying with mortgage	13.3	14.9	16.1	18.1	13.6
Social rented sector	47.7	51.7	48.3	58.0	49.5
-Rented from council	43.1	56.2	48.4	58.7	49.2
-Rented from housing association	55.3	49.2	48.2	57.2	49.9
All rented privately	45.3	51.5	43.4	54.6	44.9
-Rented privately furnished	46.2	50.8	42.5	49.9	43.6
-Rented privately unfurnished	[30.5]	60.4	52.6	65.8	55.6
<b>All children (under 60% of AHC median)</b>	27.9	28.0	26.3	35.8	25.8
Unweighted N (Total number of families with children)	752	2097	1530	2089	20251

**Table A2.2 Poverty composition (under 60% of deflated, equivalised After Housing Costs median income (OECD)) (columns per category add up to 100%)**

	North East	North West	Yorkshire/ Humberside	London	England
<b>Economic status and family type<sup>1</sup></b>					
Lone parent	38.1	42.4	33.6	37.5	35.8
-In full-time work	[2.6]	[1.5]	[3.0]	[1.9]	2.1
-In part-time work / self-employed	[21.5]	23.7	[24.5]	31.6	27.6
-Not working	75.8	74.9	72.5	66.5	70.3
Couple with children	61.9	57.6	66.4	62.5	64.2
-Self-employed	[16.2]	21.4	15.8	20.6	20.8
-Both in full-time work	[3.0]	[3.9]	[1.2]	[3.8]	4.0
-One in full-time work, one in part-time work	[7.7]	[9.2]	[9.1]	[6.7]	10.3
-One in full-time work, one not working	[24.1]	25.5	25.2	25.7	27.0
-One or more in part-time work	[13.6]	[15.0]	23.6	23.0	15.9
-Both not in work	[35.4]	25.0	25.1	20.2	22.1
<b>Economic status of household<sup>1</sup></b>					
All adults in work	9.5	11.8	8.6	11.2	12.5
At least one in work, but not all	39.5	42.0	49.8	50.8	48.0
Out-of-work household	51.0	46.2	41.7	38.0	39.5
<b>Number of children in family</b>					
One child	26.4	26.8	26.3	27.6	27.4
Two children	39.6	38.4	38.4	38.5	39.1
Three or more children	[34.0]	34.8	35.3	33.9	33.5
<b>Number of disabled adults in family</b>					
None	69.2	72.5	76.8	81.6	74.8
One or more	30.8	27.5	23.2	18.4	25.2
<b>Ethnic group</b>					
White	93.7	78.1	75.5	38.4	74.3
Mixed	[1.7]	5.3	6.2	12.7	6.2
Asian or Asian British	[2.0]	11.1	14.4	22.6	11.2
Black or Black British	[1.5]	3.8	[2.3]	16.2	5.0
Chinese/other	[1.1]	[1.6]	[1.6]	10.2	3.2
<b>State support received by family</b>					
Working Tax Credit	21.3	18.2	25.2	20.5	19.6
Child Tax Credit	84.6	77.8	83.2	70.2	75.1
Income Support	22.4	23.9	21.9	19.8	19.6
<b>Age of youngest child in family<sup>1</sup></b>					
0-4	42.3	50.0	51.1	52.7	48.8
5-10	32.4	27.5	22.8	24.8	26.9
11-19	25.3	22.6	26.1	22.5	24.4
<b>Tenure</b>					
Owners	28.3	31.1	34.9	23.3	31.0
-Owned outright	13.3	18.7	21.6	11.3	17.9
-Buying with mortgage	86.7	81.3	78.4	88.7	82.1
Social rented sector	47.0	36.5	37.3	38.4	37.4
-Rented from council	56.3	39.1	72.5	55.3	51.7
-Rented from housing association	43.7	60.9	27.5	44.7	48.3
All rented privately	24.7	32.4	27.8	38.2	31.6
-Rented privately furnished	96.1	92.1	89.1	64.4	85.8
-Rented privately unfurnished	3.9	7.9	10.9	35.6	14.2
<b>All children (under 60% of AHC median)</b>	100	100	100	100	100
Unweighted N (Total number of families with children in poverty)	210	587	402	747	5221