

The Real Face of Child Poverty in the UK in 2017

A Buttle UK report looking at the economic impact of poverty on UK families, and highlighting the turning points for children in crisis.

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Foreword

The plight of the most disadvantaged and vulnerable children in the UK is deteriorating – more are living in poverty than at any time in the last 10 years. Government figures show that the number rose by 200,000 in 2014-15, the first increase in levels of child poverty since 2011-12¹. It means there are now 3.9 million children across the UK living below the headline.

Whilst we have not yet reached a ‘State of Emergency’, there are some very serious indicators that urgent action needs to be taken – which is why we have published this report now. For example, recent figures from the Institute of Fiscal Studies show that as many as two thirds of children classed as living in poverty have at least one parent working. This is hugely significant; it has major social, political as well as economic implications. Put bluntly, it suggests that the opportunity of employment alone is not necessarily the way out of poverty. Our welfare system and public services are already under huge pressure. So we have to think differently about solutions.

The reason that Buttle UK is in a position to produce this report is because - as the largest grant-giving charity in the UK that gives funds directly to families for children and young people in need – we know that there are families and children in almost every community living in crisis. Having received 125,000 grant applications in the last 10 years we have analysed what is, in effect, a unique dataset. As a result we are able to present both a detailed, quantitative regional and national analysis. However, we have also been able to provide qualitative analysis that provides direct insight into our grant applicants’ experiences.

We have placed our own data and analysis alongside other recently published information, to try and paint a picture of what the real challenges and issues are for many struggling families and young people across the UK. This is important if we are to find the best way of tackling the issues they face.

Take an example, one that I still find shocking. The report shows that since 2006 we gave out over 13,000 children’s beds. The number is rising - in 2015/16 alone we gave out 3,000 beds, so around a third of the 10,000+ families that we helped had at least one child that needed a bed. These are children who do not have a suitable bed to sleep in because they are sharing with parents or siblings; they are sleeping on the floor or their beds are damaged to the point where they are simply not fit to use. The exact figure of how many children in the UK that are without a bed is unknown, but if you apply this percentage to the statistic above of children living in poverty in the UK, then the number would be around 400,000². That is a staggering figure, and surely not one that is acceptable in the UK in 2017.

For over sixty years, Buttle UK has given small, targeted and timely grants to families and children for basic, essential day-to-day items, like children’s beds. We have always known that the use of a small amount of funding, if it is used to meet material needs

1. **Households Below Average Income:** An analysis of the UK income distribution: 1994/95- 2014/15, Department for Work and Pensions, 28th June 2016

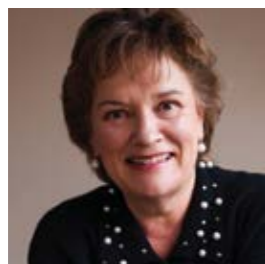
and in combination with existing services and provision, can have a disproportionately positive impact on the lives of vulnerable children, young people and their families. Families living on very low income simply cannot afford even small capital spends. Alleviating that difficulty by astute use of a relatively small amount of cash can have benefits far beyond the practical or monetary value of the award. For example, a bed for a child means better sleep, which in turn means they can concentrate better at school. Meeting that cost also relieves the financial pressure on the family and that in turn reduces stress in the home. All of which has a positive impact on a child's wellbeing.

Last year, we gave £3.9 million in individual grants to nearly 30,000 children and young people, preventing them from falling further into crisis but also helping them to transform their lives. Beyond immediate material support, like a bed, we meet the costs of a wide range of very simple things that remove barriers from the lives of families and young people who are trying to move forwards. This could be anything from counselling to a young boy who has fled an abusive home with his mother or a laptop to allow a homeless teenager to begin their first college course. This report provides independent evaluation of the potential long-term benefits of this type of support. The results are very positive.

So, while the challenges we face as a society are significant, I believe what Buttle UK is learning deserves attention. Indeed, more support and funding needs to be considered for this type of intervention. Buttle UK itself wants to expand its grant giving over the next five years. Our Chances for Children Campaign aiming to raise £10 million over the next 5 years, with an ultimate aim to raise £20 million, to provide this help to thousands more children, young people and their families.

In this report we have shown what this money could achieve for our society in the coming years and what difference a little can make, to give children in crisis a chance in life.

We are grateful to Pears Foundation for their unrestricted grant, which made much of the research in this report possible.



Gerri McAndrew
Gerri McAndrew
Chief Executive, Buttle UK

2. **This was calculated as follows.** Around a third of the families we support each year need at least one bed for their child(ren). There are 3.9m children in poverty according to government statistics (see <http://www.cpag.org.uk/child-poverty-facts-and-figures>), and there are around 3 children, on average, in each of the families we support. Therefore $3.9m/3 = 1.3m$ families in poverty $\times 33\% = 429,000$ children needing a bed. Obviously, this calculation assumes that the patterns of need for a bed and the profile of the families that we support with a grant is representative of families in poverty in general, as calculated by the Households Below Average Income report.

Executive Summary

This report sets out to investigate the current reality of living on low incomes in the UK today. It highlights the changing profile of those that are disadvantaged and the level of insecurity and uncertainty that they face, backed up by data and analysis collected by Buttle UK.

As the country's largest grant-giving charity that gives funds directly to children, young people and families, we have been able to analyse 125,000 grant applications made in the last 10 years, creating a unique dataset of the demographics and experiences some of the most vulnerable in our society.

With over 60 years of experience in providing direct grant support, we also seek to demonstrate how as little as £1,500, when carefully targeted, can help a family overcome a crisis and create a genuine turning point in their lives.

The report is split into three sections:

- > **We look at survey data from our grant recipients and compare this to published data on what is happening to low-income families currently, and what the challenges they face are. This provides a description of what life is really like on a day-to-day basis for some of the most vulnerable children and young people in the UK.**
- > **Analysis of 10 years of data from our grant giving, by public information statistical experts *nkm*, reveals the geographical distribution of the most vulnerable families in the UK, thereby highlighting regions that may have previously gone unnoticed as areas where children, young people and their families are facing hidden deprivation.**
- > **Finally, we set out to highlight a potential solution to alleviating the effects of this deprivation and the complex social issues that often go alongside it. Working with Development Economics, we have conducted an analysis to show how giving timely, intelligent interventions to families and children living in difficult conditions, through direct grants that carry a relatively small cost could, over the medium-to long-term, make a huge impact on vulnerable children's lives, as well as significant savings to the State.**

The key findings are:

> The profile of those families that are struggling most is changing.

There have been some positive aspects the economic recovery - more people are in work than ever before. However, at the same time there has been a big shift in those classed as experiencing 'in-work poverty', a rise of 1.1 million people since 2010/11. As a result, two thirds of those children classified as poor are so despite the fact that at least one of their parents is in work. More people are living in private rented housing, where the costs are high and the tenancies lack stability. The changing pattern of housing tenure, and the increasing insecurity in the housing market, is illustrated by a staggering 60 per cent rise in the number of evictions by private landlords, between 2010/11 and 2015/16.

> Low-income families are the hardest hit by recent economic changes and are subject to a 'poverty premium'.

Benefits have been frozen but prices are rising, adding increasing pressure to weekly budgets. Child benefit will have risen by just 2 per cent between 2010 and 2020, compared with projected price rises of 35 per cent. At the same time they are subject to the 'poverty premium', where they are paying proportionately more for basic goods and services because of their lack of access to cheaper credit, better energy tariffs or deals that otherwise penalise low usage, or the inability to buy in bulk. Their insurance premiums are higher because of where they live, and these places are often 'ATM deserts' where the only access to a cash machine will mean a fee. A calculation by the End Child Poverty Coalition found that the costs added to the annual budget for a typical low-income family could be as much as £1,700 per year.

> Parents have to make choices between spending money on food, bills or their children.

These combined pressures make the reality of everyday life incredibly challenging. Children themselves are isolated and lack forms of engagement and stimulation beyond the home. Their diets are poor. When money is so tight, the ability to meet basic material needs is an ongoing battle: a cooker or washing machine breaking down – or moving into a new unfurnished property - can create a crisis.

> Northern cities are among the UK's most crisis-stricken while southern and coastal areas face hidden poverty.

Analysis of Buttle UK own grant giving by *nkm*, a research consultancy specialising in administrative data, creates its own revealing picture of the patterns of deprivation in the UK. By taking 125,000 grant applications made to us from 10,000 referral agencies between 2006 and 2016, and extrapolating on nearly 10 years of our data, we have produced information that has never been collected or collated before – data that normally sits in siloes within official records. Our findings reveal the location and nature of the highest levels of families in crisis - defined by as being on very low income and dealing with complex social issues:

- > Lone parents account for nearly two thirds (63 per cent) of crisis cases.
- > Almost half (44 per cent) of families in crisis lack basic material items such as beds, washing machines and children's clothing.
- > Buttle UK made the highest number of grants to cities in the North of England, Midlands and Scotland, including Sheffield, Birmingham, Leeds, Glasgow and Bradford, indicating these areas as home to the most vulnerable children and families in the UK.
- > However, by controlling for the level of need across the UK the data also indicated risks of 'hidden poverty', where levels of grant giving has not reflected the projected demand. These are largely based in unexpected areas such as Southern counties including Berkshire and Hampshire, as well as coastal areas.
- > Requests for support spike during summer months as families feel pressure of not having school support and free meals.

Over the last 10 years Buttle UK has supplied families with:

- > 18,885 washing machines
- > 16,564 cookers
- > 13,311 children's beds
- > 9,954 fridge freezers
- > 5,023 grants towards children's clothing

> £1 invested in a Chances for Children grant creates a benefit of £6 to the Treasury. This means:

- > A £1,500 grant could result in over £8,000 in savings on education, health, policing and social welfare spending. Our analysis shows how a grant to a family or young person can reduce absence and exclusion from school, create safer homes where there are less accidents and reduce the likelihood of crime and anti-social behaviour. The level of savings in these areas over time has therefore been calculated from publically available government data.
- > If the Chances for Children campaign achieves its ultimate goal of raising £20 million (equating to a further 13,700 grants) then £133 million of public expenditure could be saved over the next 15 years.
- > However, critically, savings are not just confined to public expenditure. Our analysis showed that our goal to raise £20 million, if invested in targeted, timely intervention grants, would increase the likelihood of gainful employment. Therefore families, children and young people receiving these grants would, as a result, have an increased spending power of £37 million.

This report demonstrates the huge challenges facing the most disadvantaged families. With their limited incomes under increasing pressure they are being forced to make impossible choices for their children – between meals, warm clothes and heating their homes. Buttle UK joins the End Child Poverty Coalition’s call to recognise the pressure that families are currently under, and in particular reduce the dual impact of changes to the welfare system with rising prices by:

- **Ending the freeze on Child Benefit and Child Tax credits, and reinstating the link between annual increases and inflation**
- **Ensure that support with housing costs for families renting privately rise in line with increases in local rents.**

Our analysis shows that small, targeted investment directly to families – delivered in partnership with local support services – can address some of key challenges families are facing, creating a genuine chance for change in their lives. Furthermore, it is a cheap, cost effective intervention. At a time of increasing pressure on public sector budgets Buttle UK calls on the government and the social care sector to:

- **Take the learning from direct grant giving, and how the integration of this approach can improve the impact of a range of local services.**
- **Work with us to achieve our ultimate goal of making an additional £20 million available for these families through the Chances for Children grants.**

Section One

The economic reality of families in poverty

These are difficult times for families and young people on the lowest incomes. There are new challenges to negotiate such as zero-hours contracts, payday loans, less stable housing situations and benefit changes. Even those families who are working are struggling to meet their needs and maintain a basic standard of living. This combination of factors is creating increased instability, and those with unstable jobs, insecure housing or fluctuating benefits are far more vulnerable to crisis than those with the means to stay on a more even keel.

Families in these situations are being hit by the dual impact of stagnating income and price rises, but they are also affected by something referred to as the ‘poverty premium’. This is where those on the lowest incomes pay proportionately more for essential goods and services.

Recent surveying of those that Buttle UK supports demonstrate the human impact of this challenging environment, and in particular the incredibly tough choices that parents and carers are having to make to support their children and provide access to those things which allow them to develop fully.

➤ The changing profile of poverty

A 2016 study by the Institute of Fiscal Studies, highlights the “truly remarkable” transformation in patterns of low income in the UK. Pensioner incomes have grown so much that, after housing costs, they are now the least likely major demographic group to be in income poverty. More people are in work than ever before. The proportion of children living in a household where no-one works has fallen from nearly one in four in 1994/95 to less than one in six in 2014/15. However, there is a “new poor” that have emerged, defined as those who to live in households where there is someone in work. Only a third of children below the government’s absolute poverty line now live in a workless household – two thirds of children classified as ‘poor’ are poor despite the fact that at least one of their parents is in work.³

The annual ‘Monitoring Poverty and Social Exclusion 2016’ report written for the Joseph Rowntree Foundation by the New Policy Institute reflects these findings and describes the growing insecurity underneath positive economic headlines. Since 2010/11, when the economic recovery began, in-work poverty increased by 1.1 million people. The report identifies the UK’s housing crisis, particularly high costs and insecurity in the private rented sector (PRS), as a major contributor to this instability.

The report finds that:

- **The number of people living in poverty in the PRS has doubled in a decade, from 2.2 million people in 2004/5 to 4.5 million people today.**
- **Almost three quarters (73%) of people in the bottom fifth of the income distribution and living in the PRS pay more than a third of their income in rent. This is compared to 28% of owner-occupiers and 50% of social renters with similar income levels.**
- **Half of children living in rented homes (46% in the PRS and 52% in the social rented sector) live in poverty.**
- **There are 3.8 million workers living in poverty in the UK today, one million more than a decade ago. This is equivalent to 12% of all workers in 2014/15.**
- **Half of people living in poverty are either themselves disabled or are living with a disabled person in their household.**
- **Insecurity for renters has risen since 2010, with the number of evictions by a landlord rising from 23,000 in 2010/11 to 37,000 in 2015/16. Over the same period, mortgage repossession have fallen from 23,000 to 3,300.⁴**

Research by the TUC in 2016 found that there has been a rise in ‘problem debt’ in recent years (i.e. being in arrears on at least one bill or credit commitment), particularly amongst low-income households. Consumer credit (i.e. household borrowing excluding both student loans and mortgages) peaked in 2008 at £230bn; it fell back to £184bn in 2012, but had risen again to £212bn by the end of 2015. Bank of England figures now show consumer credit growing at an annual rate of 10 per cent, the highest for over ten years. The share of extremely over-indebted low income households rose to 9 per cent in 2015, up from 8 per cent in 2014 and three times as many as in 2012. Overall, 1.2 million low-income households are estimated to be in extreme problem debt.⁵

A survey by charity Step Change in 2014, found that families with children are often trapped in a situation where they have little alternative but to take out credit to pay for necessities: 10% of families in their survey said they had taken out credit to pay for food for their children, 18% for clothing and 56% for heating. The research looked specifically at the impact on children and found that families trapped in problem debt are twice as likely to argue about money, and 6 in 10 children said they often worry about whether their family has enough money. They also reported feeling embarrassed amongst peers and sometimes experienced bullying. Problem debt has a profound impact on children’s ability to engage in social activities: 73% of those with parents in arrears found it hard to pay for social activities, compared to 37% of those not in arrears.⁶

➤ The impact of changes to the benefits system

Buttle UK recently took part in some analysis conducted by End Child Poverty, the next 2 sections draw on the conclusions from their report ‘Feeling the Pinch’, published in January 2017.

One of the most significant hidden cuts to support for children through the benefits system in recent years has been the repeated reductions in support relative to the rising costs of living. This is either through below-inflationary increases (such as a three-year 1 per cent cap on increases in benefit rates from April 2013), or through cash freezes – most recently the decision to freeze benefits and tax credits for four years from April 2016. This policy change has broken the historic link with prices, whereby most benefit levels were updated annually by at least the rate of inflation since the early 1970s.⁷

Such cuts to support can be hidden, because they do not result in a reduction in the amount of cash that families have in their pockets. Rather than a sudden drop in income, reductions in support are felt as prices rise – an extra few pence on a loaf of bread or a pint of milk, an increase in the price of a warm winter coat, or having to put an extra £1 on the meter in order to get the same amount of electricity.

This is set to have a bigger impact as inflation rises in the next few years: child benefit will have risen by just 2 per cent between 2010 and 2020, compared with a projected price rises of 35 per cent.⁸

At the same time there have been significant changes to the local housing allowance, which determines the amount of Housing Benefit for people renting in the private sector. As a result, Housing Benefit is no longer linked to typical local rents. Where private tenants’ rents have risen between 2010 and 2015, in line with average rental price inflation (a total of 11.7 per cent over the five-year period), a family renting a typical two-bedroom property in 2015 faced a shortfall of £82 per month on their housing benefit entitlement, compared with their actual rent. If actual rents rise by the same amount over the second half of the decade, the ‘Feeling the Pinch’ report calculates that families in a typical two-bedroom property could see their shortfall increase by another £72 per month by 2020 – a total shortfall of around £154 per month.⁹

➤ The Poverty Premium

Perhaps counter-intuitively, it is often the case that those families on the lowest income pay the most for essential goods and services.

The ‘poverty premium’ refers to the extra costs people on lower incomes typically pay, in comparison with what is paid for the same goods and services by people on higher incomes. The best bank accounts, borrowing rates and energy tariffs are only available for people who have a good level of income, credit rating and/or employment record and who are therefore in a position to shop around.

4. <https://www.jrf.org.uk/report/monitoring-poverty-and-social-exclusion-2016>

5. <https://www.tuc.org.uk/economic-issues/economic-analysis/britain-red-why-we-need-action-help-over-indebted-households>

6. <https://www.stepchange.org/policy-and-research/the-debt-trap.aspx>

7. <http://www.endchildpoverty.org.uk/images/Feelingthepinch/ECP-FeelingThePinch-final-report.pdf>

8. *Ibid*

9. *Ibid*

When money is tight, it leads to behaviour that ‘traps’ families within a cycle that exacerbates these extra costs. A literature review carried out by Hartfree et al. found that, from the perspective of low-income households, a poverty premium can arise from a need for tight budgeting control over their finances (for example, preferring to make small, frequent payments) and avoiding behaviours that could upset this.¹⁰ From the perspective of providers, the poverty premium can arise as a result of: pricing structures that penalise low usage; a focus on online service delivery; price offers that target new customers and a failure to supply products or services that match the needs of low-income households. Providers also charge premiums to reflect higher costs – for example, when insuring people who live in higher risk areas, issuing paper bills, or receiving payments by cheque.¹¹

A calculation by the End Child Poverty Coalition found a potential poverty premium of around £1,700 per year for a typical low-income family, based on the costs of repayment on low value loans, the cost to buy essential household items (where families are more likely to use “rent-to-own” credit schemes), the cost to cash cheques, annual electricity and gas bills and the costs of home and car insurance.

However, there are other areas where families are having to pay more:

Food costs. A number of studies have explored specific aspects of the premium, such as the cost of shopping at retail outlets for food and other household products. Those without access to a car may find it harder to shop at large out-of-town supermarkets, which can sometimes offer the cheapest prices for everyday food and other household items. Those with limited access to cash may prefer to buy items in smaller quantities and, therefore, may be unable to take advantage of buying items in bulk, which tends to be cheaper in the long run.

Travel to work costs. Saving money by making large one-off payments, as opposed to a series of payments over time, can apply across a number of living costs. For example, travelling to work can be extremely expensive and the cost is regularly cited by people as a barrier to work. Travel costs can seriously limit a viable work search area but, nevertheless, most working people do have to travel beyond their own neighbourhoods. If travelling by train, tram or bus, people can often take advantage of a long-term season ticket, which tends to work out considerably cheaper than paying for a ticket every day or every week. Employees in low-paid work are less likely to be able to make upfront payments because they do not have access to the cash required to do so, and for those in part-time or insecure employment, there is little point in buying a season ticket.

Cash machines. There remains a sizeable number of deprived areas that lack access to ATMs that do not charge for withdrawals (sometimes referred to as ‘cash machine deserts’). More than 300,000 people living in poverty across 269 low-income areas do not have access to free-to-use cash machines within a one-kilometre radius. Charges start from 75p per withdrawal, with the average fee being £1.70 per withdrawal. For someone on a low income making regular cash withdrawals, the full cost over the

course of a year could be high. For example, someone withdrawing cash every week from a machine that charges £1.75 per withdrawal will pay £91 in withdrawal costs over a 12-month period.¹²

> The daily reality of living on low income

In December 2016 Buttle UK surveyed recipients of our Emergency Essential grants. The results reflect the challenges and issues outlined above. Of those surveyed 78% said that they have found it more difficult to afford essentials like food, clothing and heating in the last five years. 66% used a pre-payment meter for gas or electricity, 75% have no access to a car to do supermarket shopping and a third have used pay day loans or rent-to-buy companies, charging very high interest rates (38% and 31% respectively).¹³

When looking at the choices that families are having to make, the impact of their situation becomes clear. All of the individuals we interviewed were juggling funds at the end of each month, and having to prioritise what they spend.



Food is definitively a priority, although we try to buy our daughter clothes when we can, as she is that age when children grow fast. We can't always choose what we want but we try to make the best of what we can actually afford. It can be stressful at times, especially because we can't really afford brand new items and have to rely a lot on second hand shops.

Bills are priority. I'd rather pay for bills and save on food than risking being in debt/arrears.

At the moment it's all about making sure we have gas and electricity. Heating the house is priority. We're spending £25 on gas and £10 on electricity every week. Food is crucial of course, though is very expensive. It's quite shocking actually how expensive healthy food can be. I try to pick food that is about to expire in order to save money, and then put everything in the freezer. I look out for deals to make the most out of it. I don't get processed food for my kid, and I'm constantly looking for bargains. It's difficult to give my daughter a decent quality of life.

10. <http://www.bristol.ac.uk/media-library/sites/geography/pfrc/PFRC-Poverty-Premium-Research-Brief.pdf>
11. *Ibid*

12. <http://www.endchildpoverty.org.uk/images/Feelingthepinch/ECP-FeelingThePinch-final-report.pdf>
13. We surveyed 1,335 families and achieved a response rate of 13%(174). In depth, follow-up telephone interviews were then carried out with 10 families.

The precarious housing situation some families are facing is also illustrated, as are the challenges of finding funds for repairs or new household items.



The house is in need of repairs. There are lots of mould problems in the house and our furniture is second hand. But we won't invest money in this because we rent and changed house three times over the last year. We would love to live in a better place, or even our own place, but we like to think that as long as we have a roof over the head and food in the fridge, we can manage.

The Fridge/freezer should be replaced or fixed but I can't afford it at the moment. The door doesn't close properly and if I'm not careful food can go wasted.

I can't afford any repairs at the moment. This is frustrating but my resources are very limited at the moment, although better than they used to be two years ago when my ex-husband was around.

I can replace it if needs be but it just means budgeting for a lot more and pulling back on things during the month.

My flat is horrible. It needs several repairs but can't really afford anything at the moment. We manage with what we have.

Many people find the winter a particularly tough time, with the cost of heating a focus for anxiety:



Everything is more expensive during this period. Need to be careful due to her health issues. We're also home-bound because of the cold and her (my daughter's) conditions.

Heating is costing me £50 a week and there's no door between living room and kitchen, so warming up the house is difficult.

However, the challenges are not confined to the winter, the summer months also create their own issues:



Winter is the most difficult because you can't do much outside, and can be really cold. Summer is hard as well because the nursery is closed and I have to look after my daughter, as my partner is in full time employment and work all year around, and I have no relationship with my biological family.

Many of the parents we spoke to are trying hard to give their children access to activities and things that will support their development, but it is clear that this is not always possible and some children do not have access to those things that other children may take for granted. Almost all of the children in the families we spoke to never have other children around to play. Most have not been on a holiday in a long time, some children never have.



They do take part in school trips but that puts lots of pressure on my finances.

We never had a holiday and I don't think we will ever be able to afford one.

The level of isolation that the families are living in is clear. When asked 'does your family have friends or relatives over?' They answered:



No, not really. The house is small and we don't have much to offer.

No, never. I used to have my mother around but she passed away two years ago.

No. I'm too ashamed of my situation to have family or friends around, and can't really afford to cook decent meals.

Not at all. They're considered different and mocked by the other children because of our condition.

The pressure on budgets and the costs of fresh food, or getting to a local supermarket, where costs are cheaper, mean that children's diets are not always good. Some parents recognise this:



I can't really afford fresh/good quality food. We try to make the best out of what we can afford.

He eats lots of junk food and can be problematic when it comes to food. I don't have the possibility to cook very often.

They don't eat very well, although I try to cook meat at least 4 times a week, but also baked pasta, sausage and chips, mashed potatoes, three times a week. But they tend to eat what they want.

Not good. They eat whatever they want whenever they want. Their habits are really bad.

The hardest hit by current changes in the economy, to public services and the benefit system are families on the lowest incomes. The impact is that their already stretched budgets are under increasing pressure, and juggling weekly costs means difficult choices are being faced. The result is that these families are living in a constant state of stress and have little or no leeway to manage new expenditure when it arises without more stress, debt or having to find a way to manage without.

Buttle UK's grant giving work recognises that one of the primary barriers facing a family in such a crisis is the lack of resources to address their situation. Often the amount needed to overcome these barriers is relatively modest, but to do so creates the breathing space to address longer-term issues. The next section investigates what we have learned by analysing data from 10 years of our grant giving, which has been targeted to relieve the pressure on families in this way.



Case Study

L lives with her sons, D and A. The father no longer lives in the house but does turn up drunk and causes a scene, he is an alcoholic and there have been many domestic abuse incidences reported to the police. All the children have been witness to this. L suffers from depression and has mobility problems. The family was victim of flooding a couple of years ago, a lot of their household items were lost or ruined. It took six months before repair work to their home was carried out, which involved removing radiators and skirting boards, plastering, painting and having new doors fitted. However, the family has been unable to replace many things they lost due to financial hardship.

D has complex needs, he struggles to relate to his peers, resulting in him not having friends. He cannot control his bladder so he wets the bed most nights, and this has led to him being bullied at school.

The family has been relying on friends and neighbours, who are helping out with the bedding and school uniforms. As D soils the bed most nights the mattress had become very dirty and smells.

The conditions the family are living in is affecting D more than the others. He struggles with emotional regulation and this interferes with everyday tasks. If another child says something to him about the way he looks/smells he is unable to move on from it for the rest of the day. This leads to tantrums and having to be removed from the class. This cycle of behaviour is having a massive impact upon his education, in school he is making limited progress and is below average in all areas of that expected of a child of his age.

As a single parent L has found it very hard managing her finances and will often be left with no money at the end of the week, she is also in debt. She used to get some help from her mother, but she passed away two years ago.

L is juggling money every week, usually to afford food and bills, but she says, "anything related to my children has priority. If I had to buy them something, I'll skip the bills. When necessary, I borrow money from my relatives. I have very little at the moment. My ex-husband was an alcoholic and used all the money we had."

"I can't afford any repairs at the moment and don't know when I'll be able to. After separating from my husband, the whole family has been recovering but finances are still a big struggle."

"After the flooding we managed to repair most of the house but the boys' bedroom is still in bad shape. Everything needs to be replaced, including my son's bed. There's nothing we can do about it right now. The boys' bedroom could use some carpets and wallpaper as it looks very old and damp."

L is getting help to sort her debt out, and budgeting advice is also being offered. The school feel D would benefit from being assessed as having special educational needs, early indications suggest he will need support of a more specialist nature when he starts high school in September. If D is assessed as needing extra support, L will be able to apply for benefits, which will help all family members. Buttle UK was able to help out with a new bed and bedding for D and a washing machine, which has helped to ease the pressure.

Nevertheless, L's limited finances makes keeping the boys entertained difficult. "We play lots of board games and can't really afford many leisure activities. But I managed to book a week away for the first time. My children have never been on holiday before. They never have friends around, and spend most of the time at home watching telly during the winter. A plays out only during spring/summer."

"They don't sleep well. A stays awake all night until he falls asleep in front of the TV, and my son with ADHD is problematic. I have to look after him day and night."

"Summer is the most difficult time of the year for me. Schools are closed and I have to look after my children constantly. Outdoor activities can be expensive and we tend to spend lots of time together in the back garden. Sometimes we use the local swimming pool but I can't always afford it, as it is £10 per person. We play a lot in the garden and use the local park but do basically nothing when the weather is cold."

"We try to make the most out of the little we have."



Section two

The crisis points for children

Buttle UK is the country's largest grant-giving charity that gives funds directly to children and young people. It works with a network of over 10,000 referring organisations across the country, which submit grant applications on behalf of families, children and young people whose needs are not being met through statutory or other means of support.

These grants are designed to provide material help for essential items that will help a family or child on the brink of crisis, such as a bed for a child who has become used to sleeping on the floor, counselling to a young boy who has fled an abusive home with his mother or a laptop so a homeless teenager can start their first college course. These direct, efficient and intelligent grants are always focused on the needs of the child.

We started working with *nkm*, a research consultancy specialising in analysing administrative data, in February 2016. Over the course of eight weeks, researchers analysed 125,000 grant applications made to us from 10,000 referral agencies between 2006 and 2016. We looked at personal details, household type and location, income and benefits, reasons for applying and problems faced by the child or family. Overall, there were over five million pieces of information in our database to study.

In undertaking this level of analysis and extrapolation on nearly 10 years of our data, we have produced information that has never been collected or collated before – data that normally sits in siloes within official records. As such, we are hoping that this data will be a useful tool for local authorities and other charities in the social care sector in planning and improving services. We hope it will also be of use for those people studying policy areas, social need, the causes and effects of deprivation and how we can alleviate these in future.

Our findings reveals the location and nature of the highest levels of families in crisis - defined by as being on very low income and dealing with complex social issues.

> Grant purpose

Of the 125,000 applications to Buttle UK over the past ten years, 44% were made to meet the basic material needs of families, children and young people. Re-establishing a home was the next highest grant purpose, with nearly 30% of beneficiaries needing help during a rehousing process. Many of our beneficiaries who are re-establishing a home do so because they are escaping domestic abuse. Research shows that children and young people who have had to move home because of domestic abuse can experience high levels of anxiety.¹⁴ This can be mitigated by a good quality new home

14. Radford, Lorraine, Ruth Aitken, Pam Miller, Jane Ellis, Jill Roberts, and Ana Firkic. Meeting the Needs of Children Living with Domestic Violence in London. Refuge / NSPCC, November 2011. <http://www.refuge.org.uk/files/onlineDVLondon1.pdf>
www.endchildpoverty.org.uk/images/Feelingthepinch/ECP-FeelingThePinch-final-report.pdf

environment that they feel positive about. The data showing grant purpose is laid out in more detail below in table 1, whilst figure 1 shows the top ten material items we have provided our beneficiaries over the past ten years.

Table 1.
Showing grant purpose

Year	Meeting material needs	Re-housing/ establishing home	Not stated	Other	Total
2006	64.7%	26.7%	2.3%	6.4%	100%
2007	60.6%	28.7%	5.5%	5.2%	100%
2008	47.9%	30.9%	17.6%	3.6%	100%
2009	35.3%	35.3%	26.6%	2.7%	100%
2010	35.0%	29.0%	33.1%	2.8%	100%
2011	33.4%	34.4%	28.3%	3.9%	100%
2012	37.7%	31.1%	27.7%	3.5%	100%
2013	44.0%	28.1%	24.9%	3.0%	100%
2014	49.3%	26.0%	20.9%	3.9%	100%
2015	50.8%	25.1%	20.9%	3.3%	100%
Overall (%)	44.1%	29.7%	22.6%	3.6%	100%
Total applications	55,062	37,059	28,173	4,514	124,808

Figure 1.
What families need: Buttle UK's 10 year analysis of requests for help

Grants made since 2006 ...

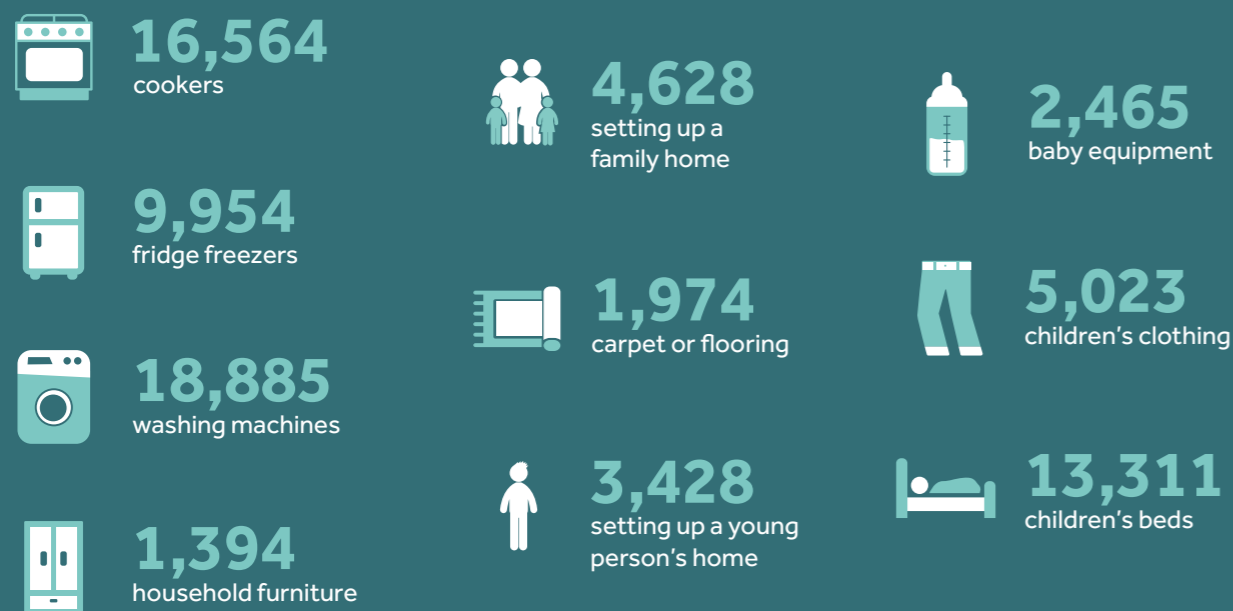
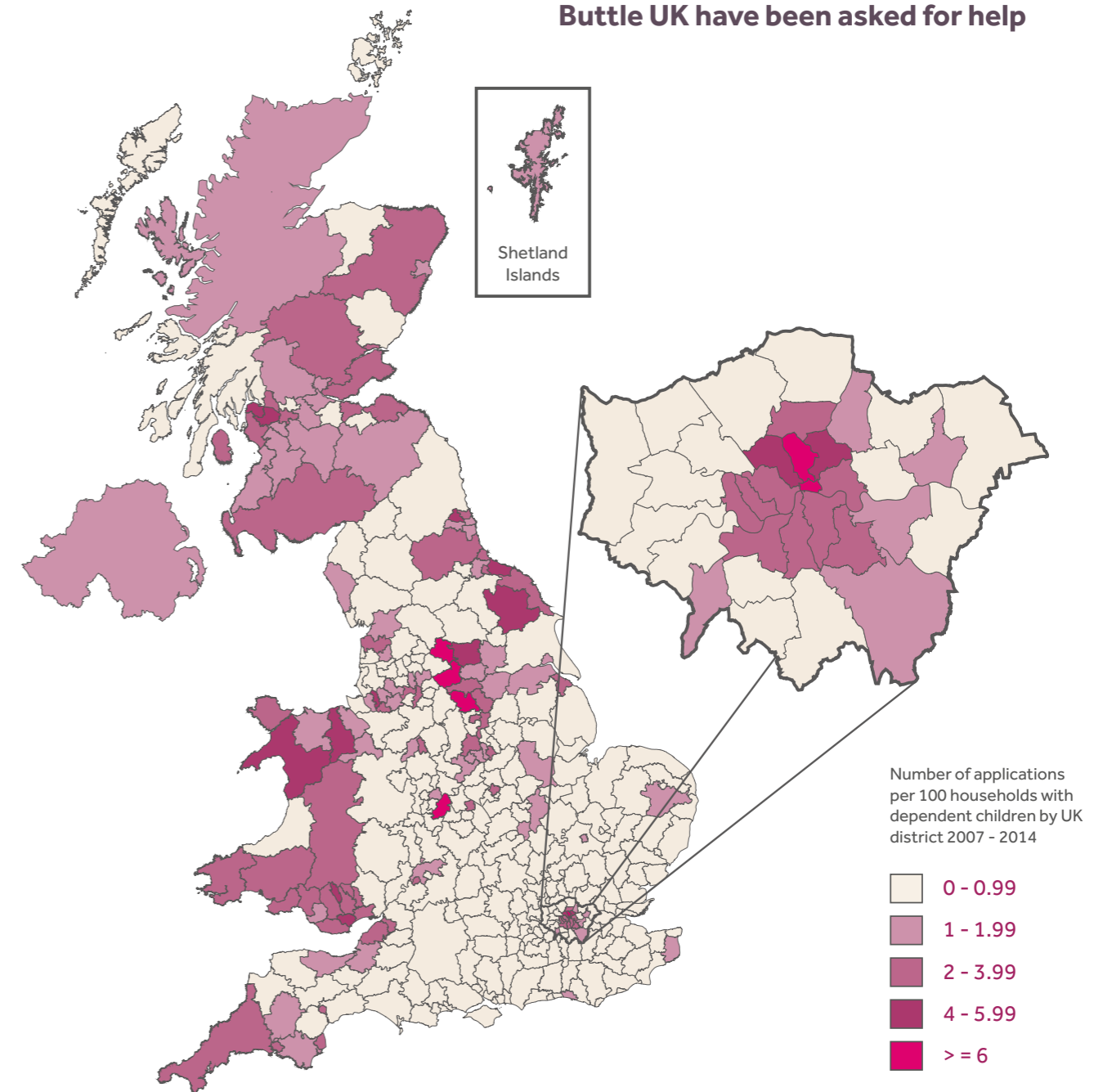


Figure 2.
Where families need help
Analysis of where in the country Buttle UK have been asked for help



Analysis of our data shows that, over the last 10 years, families have asked for help more than anywhere else in Sheffield, Leeds, Glasgow and Birmingham. On a broader regional level Wales, Yorkshire and the Humber, Scotland and the north east saw the highest proportion of grant applications per 100 households. Figure 2 shows Buttle UK applications per 100 households with children, to a district level. The tables (2 and 3) on page 21 show the top 20 local authorities for applications and the lowest 20. There has consistently been high demand in these areas for our grants, and we know that there are high levels of deprivation in these areas. However, in commissioning this research we wanted to understand if our grant distribution was meeting need as effectively as it could. In other words, to understand if there are areas where need is not being met, based on a more detailed understanding of the level of local need. This is explored in section three.

Table 2.
Top 20 local authorities
for grant applications

Local authority	Number of grant applications made between 2006 and 2016
1. Northern Ireland *	7467
2. Sheffield	3930
3. Birmingham	3244
4. Leeds	2695
5. Glasgow City	2020
6. Bradford	2015
7. Kirklees	1767
8. Bristol, City of	1633
9. Cardiff	1583
10. City of Edinburgh	1573
11. Manchester	1334
12. Islington	1272
13. County Durham	1240
14. Cornwall	1177
15. Hackney	1155
16. Renfrewshire	1143
17. Newcastle upon Tyne	1090
18. Southwark	956
19. Stoke-on-Trent	946
20. Camden	932

Table 3.
Lowest 20 local authorities
for grant applications

Local authority	Number of grant applications made between 2006 and 2016
1. Isles of Scilly	0
2. Christchurch	3
3. Hart	4
4. Ribble Valley	4
5. Test Valley	5
6. West Berkshire	5
7. Eastleigh	6
8. Winchester	6
9. Tandridge	8
10. Bromsgrove	9
11. Purbeck	9
12. Allerdale	10
13. Fareham	10
14. Runnymede	10
15. Orkney Islands	11
16. South Bucks	11
17. Uttlesford	11
18. Horsham	12
19. Epsom and Ewell	13
20. Guildford	14

* Unlike the rest of the UK, Northern Ireland's data cannot be easily broken down into district. It therefore has a disproportionately high number.

> Hidden Crisis Points in the UK

There have been extensive cuts to local authority spending in the last five years, which are having an effect on both statutory and non-statutory services.

Local authorities in England lost 27% of their spending power between 2010/11 and 2015/16 in real terms. Services such as planning and ‘supporting people’ (i.e. discretionary social care with a preventative or enabling focus) have seen cumulative cuts in the order of 45%.¹⁵

The changes to the social care sector as a result of this reduction in funding is reflected in our analysis where we have seen a drop off in referral rates in absolute terms in the following areas: social services and children’s trusts, voluntary organisations, tenancy support services, housing associations, children’s centres and health services.

In order to determine the areas where children and young people were not being reached *nkm*, extrapolated our data against official DWP, HMRC, Census and other

data to understand where needs were not being met. The methodology employed to do this is detailed at the back of this report.

The resulting analysis is mapped geographically in figure 3, which shows the percentage difference between expected and actual number of applications, after controlling for relative need. This produced stark differences to our grant applications map (figure. 2), highlighting areas where there are families and children in crisis, but referrals are not being made.

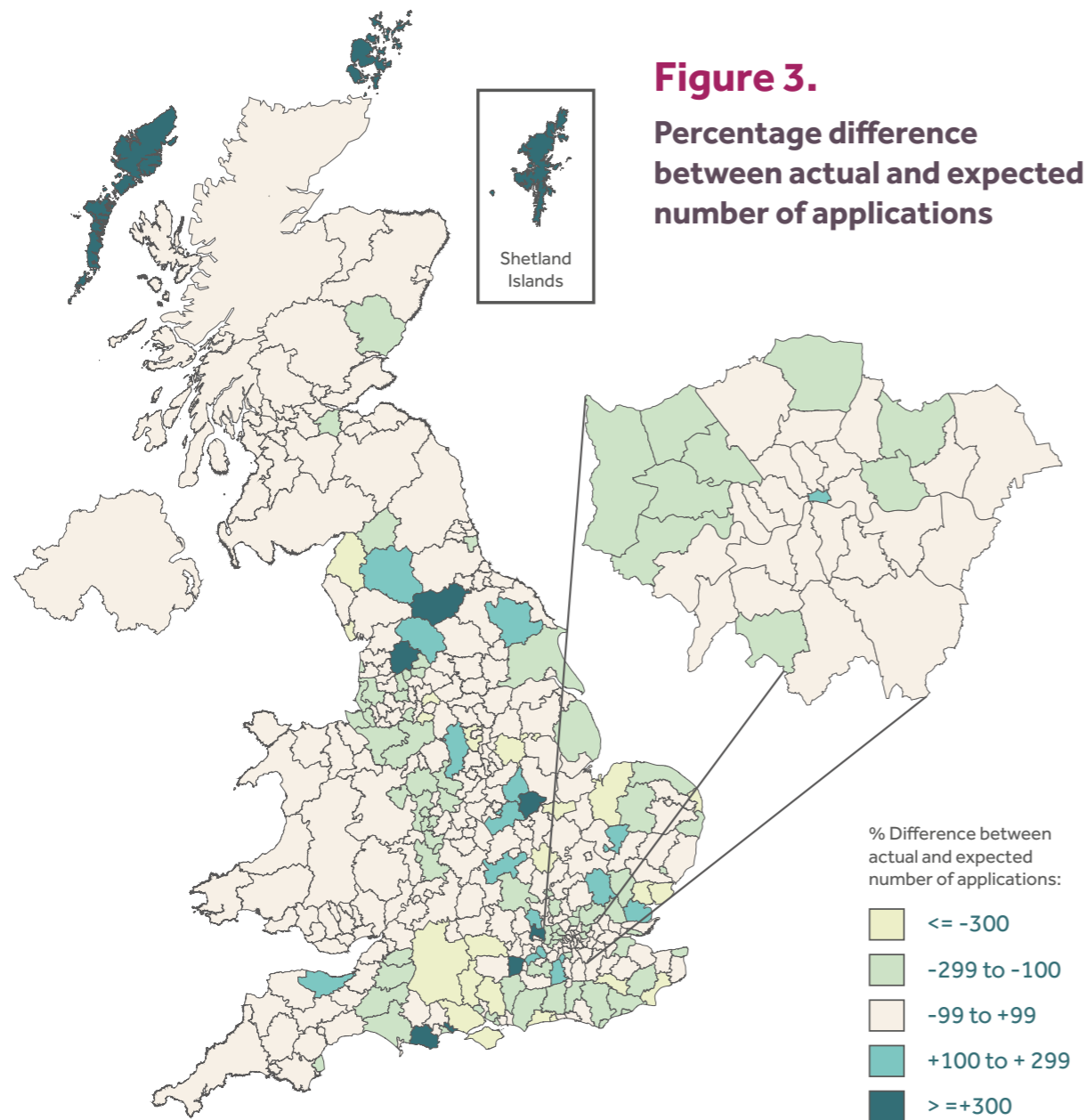
Focussing on a local authority level, table 4 shows the areas the analysis flagged as potentially flying below the radar – areas that are indicating a high rate of crisis but a low rate of referrals. The predicted number in the table represents the number of applications that would have been made in the area if the determining factors for awarding had been based on the district level deprivation proxies – in other words – the number of lone parent families and households with children receiving income support over a ten-year period. There is no official UK wide data on material need. However, where this is a large gap between predicated and actual applications to Buttle UK, there is a high probability of unmet need.

The analysis presented in figure 3 tells us that we are broadly reaching the areas with the highest levels of need (the light coloured areas show where predicted applications and actual grant spend are closest together). The top 10 local authorities where this is not the case (yellow areas) indicate areas in southern and coastal regions. These are not necessarily places we have expected to reach previously, but with this data we need to look at how we can ensure resources are allocated to these areas in future.

Table 4.
The local authorities flying under the radar (over 2005-2015 period)

Local authority	Application count	Predicted applicants based on relative need	Difference %
1. West Berkshire	5	78.7	-1473.1
2. Great Yarmouth	15	181.3	-1109.0
3. Eastleigh	6	70.8	-1079.9
4. Allerdale	10	106.3	-962.7
5. Test Valley	5	39.8	-695.1
6. Crawley	15	99.5	-563.3
7. Tendring	43	283.5	-559.3
8. King's Lynn and West Norfolk	34	218.6	-543.1
9. New Forest	24	152.4	-535.1
10. Barrow-in-Furness	18	105.0	-483.1
11. North East Derbyshire	19	105.2	-453.6
12. Lincoln	26	133.9	-415.1
13. Peterborough	78	394.9	-406.3
14. Winchester	6	29.3	-389.2
15. Newark and Sherwood	31	150.7	-386.1
16. Bedford	43	208.0	-383.7
17. Wiltshire	115	547.2	-375.8
18. Isle of Wight	47	216.7	-361.0
19. Worthing	27	124.3	-360.3
20. Colchester	57	249.9	-338.4

15. <https://www.jrf.org.uk/report/cost-cuts-impact-local-government-and-poorer-communities>



Who are the families in crisis?

This data does not only show where families in crisis are situated geographically and where the need lies. It also gives vital details about the socio-economic profile of children, young people and families in society whose needs are not being met, and who are lacking some of the most basic items needed to get by.

> Family demographics

When we look at the applicant household type we can see the proportion of grant applications by several different types of families: from young single parents, to two-parent homes, grandparents caring for children and estranged young people. By estranged we mean young people who no longer live with parents / carers due to a breakdown in the relationship and are therefore living independently without the emotional and financial support that other teenagers can expect.

As highlighted in table 5, by far the biggest group here are single parents. Buttle UK was founded 60 years ago to help single parents struggling to afford the basics needed to provide a happy home life for their children, and this need is still just as strong today. Lone parent households accounted for 63% of grant applications between 2006 and 2015 year-to-date. Two-parent households accounted for 17% of applications, ahead of estranged young people at 13%.

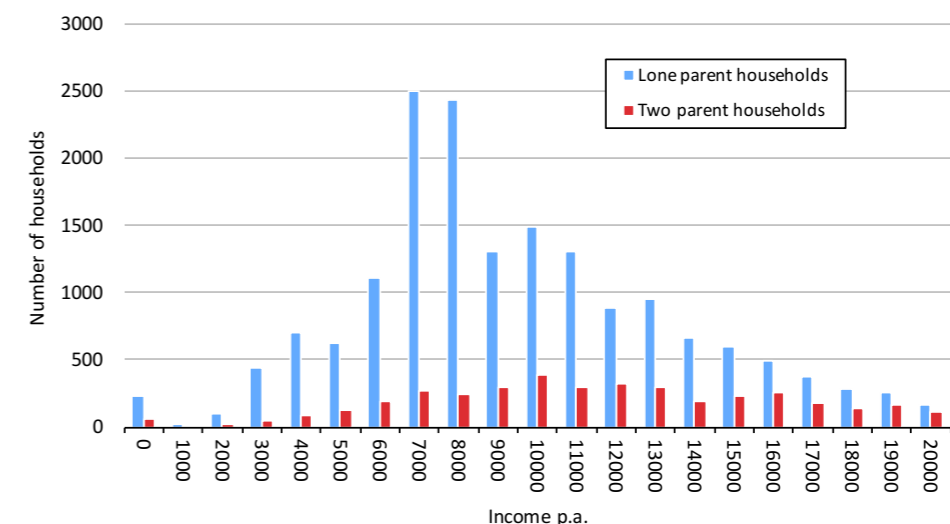
Table 5.
Showing household demographics

Year	Adopted - family with adopted child	Grand parent + children	Guardian - relatives or friends + children	Orphan living independently	Single parent over 21 + children	Single parent under 21 + children	Two parents, or parent living with partner + children	Young person - estranged, under 21	Not stated or other	Total
2006	0.4%	2.2%	2.1%	0.2%	54.7%	5.2%	14.7%	18.2%	2.3%	100.0%
2007	0.5%	2.1%	1.7%	0.4%	53.1%	8.0%	13.9%	16.4%	3.9%	100.0%
2008	0.1%	2.0%	1.3%	0.3%	50.4%	9.7%	15.7%	12.3%	8.3%	100.0%
2009	0.2%	2.1%	1.3%	0.4%	48.7%	10.2%	17.3%	14.0%	5.9%	100.0%
2010	0.1%	2.0%	1.1%	0.4%	50.7%	10.5%	15.9%	15.1%	4.2%	100.0%
2011	0.2%	2.0%	1.2%	0.3%	49.0%	11.3%	17.0%	15.1%	3.9%	100.0%
2012	0.2%	2.3%	1.1%	0.3%	51.7%	12.3%	17.4%	12.0%	2.8%	100.0%
2013	0.1%	2.3%	1.2%	0.2%	54.3%	11.7%	19.0%	9.3%	1.9%	100.0%
2014	0.1%	2.7%	1.3%	0.2%	55.6%	11.4%	19.1%	8.6%	1.0%	100.0%
2015	0.0%	2.8%	1.1%	0.3%	54.5%	10.1%	18.4%	10.0%	2.7%	100.0%
Overall (%)	0.2%	2.3%	1.3%	0.3%	52.2%	10.5%	17.1%	12.6%	3.7%	100.0%
Total applications	203	2823	1589	378	65118	13079	21351	15705	4562	124808

> Income

Our application data shows that nearly two thirds of families applying for grants live on less than £10,000 each year. The data is plotted in figure 4, which shows a clear spike in income around the modal figure £6-7,000.

Figure 4.
Showing household applications by annual income

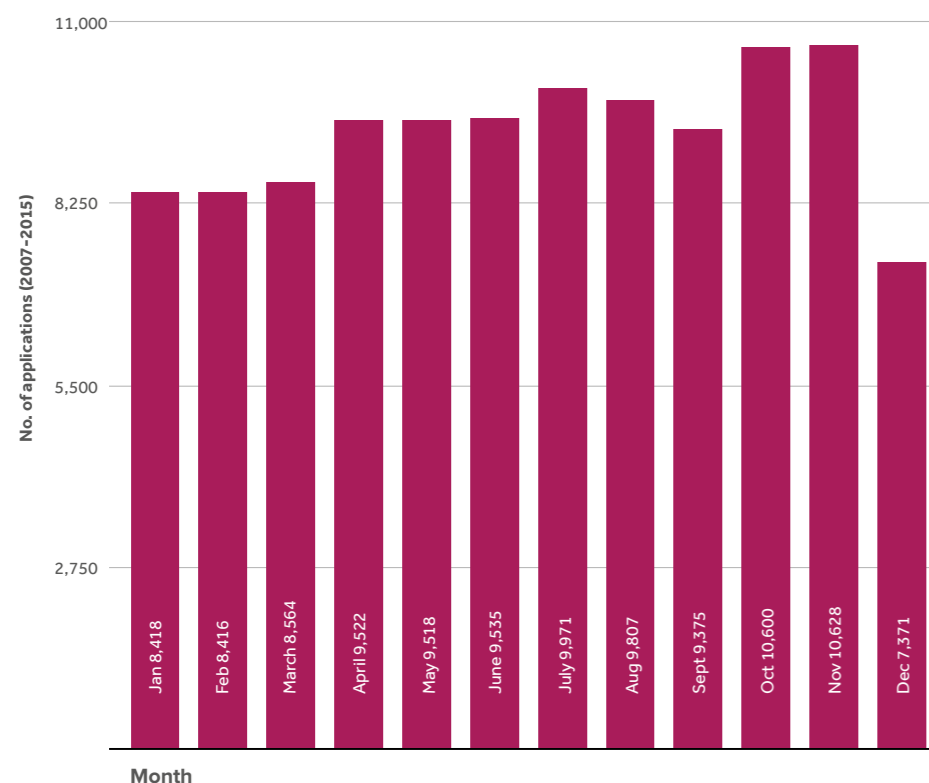


> Referral seasonality

Over time this data has shown a pattern of ‘seasonal spikes’ in grant applications. While there are the expected increases at certain points of the year, as periods of financial pressure such as Christmas approach, we have also noticed rises in grant applications during the summer months, as shown in figure 5. Families who receive school support, such as free meals, have to adapt to having children at home for several weeks. This can affect work and shift patterns and result in added expenditure of days out and activities. From 2007 – 2015, the months of July and August were in the top three months of the year for applications, in six out of the nine years recorded.

This is not an undocumented situation. It is widely known that school holidays put low income families under particular pressure. Research from YouGov and Kellogg’s in 2015 showed that term time breaks put an extra burden on the food budget of a third of parents in the UK, with as many as 19% of parents struggling to feed their children three meals a day.¹⁶ In addition, the Trussell Trust reported in 2014 that it had 20,000 more referrals to its foodbanks during the summer, compared with the previous three months that year.¹⁷ Our grants ensure that when called upon by families in such crises, basic household equipment is provided, relieving limited family budgets to focus on other costs.

Figure 5.
Grant applications by month



16. *Isolation and Hunger: the reality of the school holidays for struggling families*, YouGov and Kellogg’s, 2015

17. <http://www.independent.co.uk/news/uk/home-news/food-charities-braced-for-a-busy-summer-with-more-children-than-ever-set-to-go-hungry-10318280.html>

Section three

What are the turning points that can help UK children in crisis?

The previous section used Buttle UK’s unique dataset to profile those that are most disadvantaged in the UK. It showed the extent of Buttle UK’s grant giving – where the grants have reached but also some areas of ‘missed need’ where Buttle UK will focus more resource in future, and where we hope others will too.

This section analyses the impact of our grant giving. The analysis focuses particularly on the cost benefits of providing grant funding to three of society’s most vulnerable groups and demonstrates the rationale behind Buttle UK’s Chances for Children campaign. The campaign aims to raise an additional £20m to fund an increase in the size of our grants. This funding will be focused on the following groups:

> Struggling families

These are families living on low incomes and experiencing a range of other challenging circumstances. They may have faced a period of recent homelessness; some members may have physical or mental health issues or there may be drug or alcohol problems in the family. The children may be struggling at school. Many lack a strong social support network to help them through these issues. These are issues that many families face at one time or another but the lack of an adequate income makes them much more difficult to cope with.

> Families escaping domestic abuse

These families will have many of the same characteristics as the above, but the overriding issue they are facing is domestic abuse. They are at a point in their journey to recovery from an abusive relationship where they are moving into their first independent accommodation, or have been in it for a short time. In these situations, the needs of the children can often be over-looked, and support focused on the parent.

> Estranged young people

The years between 16 and 20 years old are ones of particular vulnerability, but for those from disadvantaged backgrounds they present even greater challenges. Those without the support of parents or carers are among the most vulnerable of all. This group is sometimes referred to as being ‘estranged’. With increasing financial pressure on families living on the lowest incomes, the circumstances that cause many young peoples’ relationships with their parents to break down are exacerbated. As a result they try to live independently, and often become homeless. Most young people who are estranged have left chaotic, disrupted home lives. Many have suffered abuse. However, by ‘estrangement’ we do not necessarily mean “has no contact with family”. Our understanding of estrangement is those young people who no longer live with their parents/carers and who lack the family-based financial and emotional support that most young people rely on in their late teens. This includes young parents.

We have focused on these three groups as they currently receive the biggest proportion of Buttle UK's grant giving.

Buttle UK grants are made through a wide range of referring organisations that are already working with these families and young people. These organisations include children's services departments, housing associations and other charities. Grant applications are made on behalf of these organisations' clients. The grants are designed to pay for small capital expenditures which help a family or young person address immediate crisis, and then support them over the longer term to pay for items and other costs that they would otherwise be unable to meet, and which act as a barrier to them creating a change in their circumstances with the other local support available.

To produce this report, we have included in our evidence base:

- > **A review of literature and data, including evidence on unit costs for public expenditure needed to support families and young people suffering extreme poverty and very difficult home circumstances.**
- > **A review of evaluation reports and documents produced by and for Buttle UK that have examined the effects of the types of grants envisaged to be made available nationally under an expanded Chances for Children programme.**
- > **The results of a survey of families and estranged young people who have previously benefitted from the types of grants that it is envisaged would be made under a national programme.**

The elements included in the model (future spending, benefits and public revenues) have been appraised according to the principles set out in HM Treasury's Green Book (2003 edition).¹⁸ All costs and benefits presented in this report are based on conservative estimates.

A methodology for the analysis can be found in the appendix and a more detailed report at: www.buttleuk.org

This report was produced by Development Economics Limited, a leading consultancy that provides economic research, modelling and analysis for organisations throughout the public and private sector. For more information please visit: developmenteconomics.co.uk

18. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

Economic impact analysis

Our economic impact analysis takes a medium-to-long term view of the potential effect of Buttle UK's targeted grants as a means of early intervention over a 15-year period. The following section details the headline findings from the study.

The purpose of Buttle UK's grants are to create a more stable home environment, equipped to ensure that children can be provided with all the basics. These grants provide the essential base level of security from which other social support agencies can build upon in their work with clients, maximising the immediate and long-term efficacy of their interventions. From there they can pay for additional support to help improve wellbeing and educational attainment. Because this funding is designed to support the work of other agencies the analysis takes into account the proportion of benefits or effects that would have occurred even without the grant (calculated as 50% of the expected gross effects). We have used a 15-year timeframe to consider both the immediate and medium term consequences of preventing additional calls on public expenditure, covering each of the following areas:

- > **Absence and exclusion from compulsory years children's education**
- > **Child protection and safeguarding**
- > **Children's physical and mental health and well-being**
- > **Substance misuse by vulnerable children and young people**
- > **Crime and anti-social behaviour on the part of vulnerable children and young people**
- > **Costs associated with homelessness**
- > **Costs associated with economic inactivity and unemployment on the part of young people and parents/guardians of vulnerable children.**

The analysis has also considered the potential for additional tax revenues, raised when a proportion of grant beneficiaries are able to resume or begin permanent employment due to a stabilisation of their circumstances. Finally, it calculates the overall increase in household spending as a result of these same outcomes.



School absence and exclusion

Grants are often used to provide structured social activities such as swimming lessons, football, boxing or dance classes, which help children overcome behavioural, self-esteem and confidence issues that are known to be a barrier to educational attendance, participation and achievement. In addition, a grant providing a bed to a child who is sleeping on the floor can have a transformational effect on the child's education, facilitating better sleep and thereby improving participation in the classroom and academic achievement.



What effect, if any, do you think the grant has had on your children's education?



What effect, if any, do you think the grant has had on your children's social life?



What effect, if any, do you think the grant has had on your children's behaviour?

Source: Buttle UK survey of beneficiaries (2016)

The total amount of public expenditure expected to be saved on school absence and exclusion



Prevented school absenteeism:

£4m

gross salary cost of 106 secondary school teachers or 115 primary school teachers for 12 months



Prevented school exclusions:

£660,000

gross salary cost of 18 secondary school teachers or 19 primary school teachers

Source: Development Economics (2016)

Child protection and safeguarding

Buttle UK grants provide the financial support so that these families can take control of their circumstances and stabilise their home environment. Helping a family to equip their home with basic household essentials or paying for a child to attend extra-curricular activities, when they have no other means of paying for these things, helps reduce levels of poverty, family strain and social isolation. These are known risk factors for the requirement of state interventions to safeguard children.

Three aspects of this are considered here:

- 1) Children who are looked after by public authorities
- 2) Children who are the subject of the Child Protection Plan
- 3) The number of children in need, where the need is caused by abuse, neglect, behavioural issues and parental functioning (this does not include children whose needs are defined by a physical disability).

77%

of families interviewed said that the grant had produced a **positive** or **very positive** effect on their financial situation

83%

said that the grant had produced a **positive** or **very positive** effect on family stability

Source: Buttle UK survey of beneficiaries (2016)



The total amount of public expenditure expected to be saved on child protection and safeguarding



Prevented school absenteeism:

£22.3m

sufficient to pay the gross salary costs of 886 youth and community workers for 12 months



Looked after children:

£2.2m

sufficient to pay the gross salary costs of 87 youth and community workers for 12 months



Children in need:

£650,000

sufficient to pay the gross salary costs of 20 youth and community workers for 12 months

Source: Development Economics (2016)

Child injuries and mental health

Two health-related aspects that are relevant to children and young people are taken into account in the assessment: cases concerning child injury and mental health issues. Buttle UK grants help to provide safe and healthy home environments by paying for items such as a new cooker or fridge, and also aim to reduce the financial pressure and stress in the household. This alleviates the strains experienced by vulnerable children, resulting in reduced numbers suffering physical injuries and mental health problems. In many cases, grants for estranged young people include some costs designed to directly support better mental health such as therapy and gym membership.

Child injuries and mental health (cont.)

83%

of respondents considered that the grant had a **positive effect** on their children's safety

Source: Buttle UK survey of beneficiaries (2016)

The total amount of public expenditure expected to be saved on treating child injuries and mental health



Children who suffer injuries that require hospital treatment:

£1.4m

sufficient to pay the gross salary costs of 44 nurses for 12 months



Children who require NHS treatment for mental health conditions:

£13.6m

sufficient to pay the gross salary costs of 432 nurses for 12 months

Source: Development Economics (2016)

Substance and alcohol misuse among children and young people

Children and young people estranged from their families - due to a history of abuse or neglect - are at particular risk of substance and alcohol misuse. By helping to provide stable home environments for young people and children and pathways back to education, training and/or employment, Buttle UK grants can help prevent a proportion of young people becoming involved in substance and alcohol misuse. Grants for estranged young people are designed to reduce barriers to accessing or maintaining education or training by paying for practical things like travel costs and course equipment.

61%

said that the grant had made them **feel safer** and **settled** in their current accommodation

83%

said that the grant had had a positive or **very positive effect** on their well-being

Source: Buttle UK survey of beneficiaries (2016)

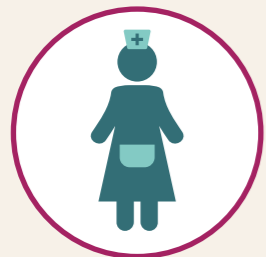
The total amount of public expenditure expected to be saved on treating substance and alcohol misuse among children and young people



Young people requiring NHS treatment for alcohol misuse:

£290,000

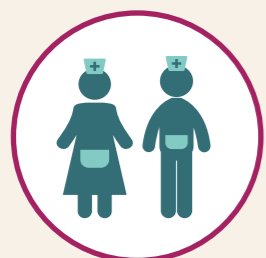
gross salary cost of 11 nurses for 12 months



Children requiring NHS treatment due to alcohol use:

£2.9m

gross salary cost of 108 nurses for 12 months



Young people and children requiring access to specialist substance misuse treatment services:

£4.3m

gross salary cost of 163 nurses for 12 months

Source: Development Economics (2016)

Crime and anti-social behaviour

Children and young people estranged from their families - due to a history of abuse or neglect - are at particular risk of substance and alcohol misuse. By helping to provide stable home environments for young people and children and pathways back to education, training and/or employment, Buttle UK grants can help prevent a proportion of young people becoming involved in substance and alcohol misuse. Grants for estranged young people are designed to reduce barriers to accessing or maintaining education or training by paying for practical things like travel costs and course equipment.

The total amount of public expenditure on crime and anti-social behaviour expected to be saved



Young people in the youth justice system:

£4.7m

sufficient to pay the gross salary costs of 118 police officers for 12 months



Anti-social behaviour on the part of children and young people:

£470,000

sufficient to pay the gross salary costs of 12 police officers for 12 months

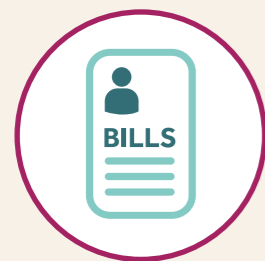
Source: Development Economics (2016)

Preventing homelessness

Unstable and unsafe home environments are known drivers of homelessness amongst young people and children. We know that preventing the cause of homelessness is far more cost effective than dealing with the consequences once it occurs. Many of the families that Buttle UK grants support have recently been rehoused, but are very vulnerable to becoming homeless again. For estranged young people and families affected by domestic abuse, Buttle UK provides financial support that pays for everyday

household items and basic furnishings, allowing them to create a more stable and settled home environment. This can result in reduced numbers of families and estranged young people becoming homeless, producing significant downstream public expenditure savings in the form of costs of temporary accommodation, additional welfare payments and additional educational and associated healthcare costs with homelessness.

The total amount of public expenditure expected to be saved as a result of decreased cases of homelessness:



£19.8m

sufficient to support 4,126 low income households with their housing costs for 12 months

Source: Development Economics (2016)

Participation in education, training and employment

Through helping beneficiaries get into work via delivering support that enables individuals to participate in education, training and employment (NEET), Buttle UK grants can also reduce state expenditure in terms of social welfare payments and the costs of addressing economic inactivity.



Older children (aged 16-17) and young people (aged 18-20) who are NEET

These two groups (16-17 & 18-20 years old) are differentiated for two main reasons. Firstly, they relate to different target sub-groups in terms of Buttle UK's work. Secondly and more importantly, the propensity to be NEET is different for both groups, and the cost consequences of being NEET also vary substantially between the two groups. Grants for estranged young people are specifically designed to help them address the barriers to accessing education and work, meeting what are often relatively small costs that are otherwise out of their reach on very low incomes. For example, a laptop, textbooks or specialist equipment needed for courses to train as a mechanic or hairdresser.

The total amount of public expenditure expected to be saved as a result of increased youth employment

Older children (16-17)

£490,000

Young people (18-20)

£3.8m

Source: Development Economics (2016)

Return to employment by parents

Grants often reduce barriers to employment for adult members of families, either in the short to medium term or after a period of training or retraining. For example, where parents have been previously unable to work because of stress or anxiety about their home situation, the stabilising effect of a Buttle UK grant can mean a return to work is viable. Meeting material needs through Buttle UK funding can produce an immediate mental/emotional improvement which leaves parents in a far better position to address other issues such as a return to employment.

63%

of adults report a **greater level of confidence** in their future employment prospects

Source: Buttle UK survey of beneficiaries (2016)

Public revenue benefits from youth and adult economic activity

Buttle UK grants are not expected to just contribute to state savings. By giving beneficiaries the opportunity to return to employment (or join for the first time), Buttle UK grants can also produce additional tax revenues associated with earnings (PAYE tax, employee and employer NI contributions and indirect taxes such as VAT).



£29.3m

The total amount of public expenditure expected to be saved as a result of increased economic activity among parents and guardians of vulnerable children

£1,087

Additional revenue to state per annum per beneficiary, on average 18-20 year olds who re-enter the workforce

£3,785

As above but for parents and guardians of children who re-enter the workplace

£22.44m

Total amount of public revenue generated

By looking at the three beneficiary groups that are the focus of this report it is also possible to consider the additional benefit to households in terms of increased spending power that derives from more active involvement in the workforce.

Families escaping domestic abuse

£9.9m

Other families

£20.8m

Estranged young people

£6.6m

Overall increase in household spending amounting to £37m

Source: Development Economics (2016)

Overall future public expenditure savings and revenues

The total amount of public expenditure expected to be saved as a result of Buttle UK's early grant interventions, per beneficiary group



Families escaping domestic abuse: **£25.8 million** (23.3% of the total of £110.87 million)
Other families: **£63.1 million** (56.9%)
Estranged young people: **£22 million** (19.9%)

The average public expenditure expected to be saved as a result of Buttle UK's early grant interventions, per individual



Families escaping domestic abuse: **£7,650 per grant**
Other families: **£8,923 per grant**
Estranged young people: **£6,739 per grant**
All grants: **£8,090 per grant**

Overall benefit cost ratio expected to be produced by the proposed Chances for Children campaign

Expenditure of **£20.5 million** in targeted grants is expected to produce state savings and additional revenues amounting to **£133.3 million**

Benefit-to-cost ratio is 6:1

Source: Development Economics (2016)

Overall expected future public expenditure savings and revenues attributable to Buttle UK grants

Item	2016/17-2030/31 Estimate £million (undiscounted)	2016/17-2030/31 Estimate £million (discounted)
Persistent absentees from education	3.98	3.14
Permanent exclusions from education	0.66	0.52
Looked after children	22.29	17.60
Child Protection Plans	2.22	1.75
Children in Need	0.65	0.51
Children's injuries requiring hospital treatment	1.39	1.10
Children's mental health treatment	13.62	10.75
Young people's substance misuse treatment	0.29	0.23
Alcohol misuse treatment	2.86	2.26
Specialist substance misuse facilities	4.31	3.40
Anti-social behaviour	0.47	0.37
Young people in the youth justice system	4.72	3.73
Preventing homelessness	19.85	15.67
16-17 NEET	0.49	0.40
18-24 NEET	3.75	3.10
Adult economic activity	29.33	23.15
Total expenditure savings	110.88	87.68
Additional direct and indirect tax revenues	22.44	17.71
Total net additional public spending savings & revenue	133.32	105.39

Source: Development Economics (2016)

Case Studies

Case Study 1

Family escaping domestic abuse

Overview

This case study concerns a single mother with an eight year-old son. After leaving the mother's abusive partner, concerns were raised for the child's emotional wellbeing, as he would often become tearful or angry very suddenly. Teachers reported behavioural issues in the classroom and that he was showing increasingly disruptive, bullying behaviour. The mother was struggling to maintain routines and boundaries as she was under a lot of pressure since returning to work.

Intervention

Buttle UK awarded a grant of £1,140 to the family for play therapy, which was used to help improve the child's behaviour both at home and school. Since then the child's behaviour has improved at school, he is doing well academically and has much more positive social relationships both in and outside of school.

Outcome

The long term benefits to this family are principally measured in terms of safeguarding the mother's future earnings potential. Savings on public expenditure can also be expected through a reduced risk of physical and mental health problems for both mother and child, reduced risk of additional support and other interventions at school. In the longer term there is also a reduced risk of the child being excluded from education or training (when he reaches the age of 16), and a reduced risk of alcohol and substance misuse, particularly when he reaches adolescence.

These potential medium-to-long term savings are estimated to be worth around £5,500 in terms of state support for this family. Given that the grant provided was £1,140, this implies a benefit cost ratio of 5.29:1.00 (undiscounted).

Case Study 2

Struggling family

Overview

This case study concerns a two parent family living with two children, with a third child soon to be born. The father of the family worked full time but money was very tight. However, the size of the family increased overnight when the father's two young daughters from a previous marriage were removed by social services from his former partner's care and moved in with him and his new family. The father continued to work full time but with extra children to support it became difficult for the family to manage on his income. He earned just enough to miss entitlement for benefits, so the family paid rent and council tax in full and received no support in terms of free school meals and family tax credits.

Intervention

With money being so tight the family's flat was inadequately furnished. There were no floor coverings, the children's beds were old and needed replacing, and the fridge freezer was broken beyond repair. Buttle UK awarded the family £1,100 to buy the children new clothes, secure new flooring and fund the children's leisure activities. Having received support from Buttle UK, the family is now more open to accepting support and has managed to source essential baby equipment as well as other necessary items cheaply through various agencies.

Outcome

The long term benefits to this family are principally measured in terms of safeguarding the father's status as a full time worker and to prevent the family from becoming reliant on social welfare payments. In particular, the ability for this family to continue to care for the two children from a previous relationship means that there is a significantly reduced risk of them being taken into care or needing a high level of financial support from the state. Future savings on public spending can also be expected through minimised risks of future health and educational problems for the children.

These potential medium-to-long term savings are estimated to be worth around £8,300 in terms of State support for this family. Given that the grant provided was £1,100, this implies a benefit cost ratio of 7.55:1.00 (undiscounted).

Case Study 3

Estranged young person

Overview

The long term benefits to this family are principally measured in terms of safeguarding the father's status as a full time worker and to prevent the family from becoming reliant on social welfare payments. In particular, the ability for this family to continue to care for the two children from a previous relationship means that there is a significantly reduced risk of them being taken into care or needing a high level of financial support from the state. Future savings on public spending can also be expected through minimised risks of future health and educational problems for the children.

Intervention

When he moved into his flat it was completely unfurnished. His college helped with a microwave and crockery. Buttle UK awarded Jack a grant which included a laptop, an electric cooker and a washing machine. The total value of the support amounted to £1,540. Without the support received, Jack would have not being able to attend college and successfully progress into education as well as being ready and equipped to start his career.

Outcome

The long term benefits to Jack can be assessed in terms of the potential risk of being unable to continue with education and instead becoming reliant on the welfare system. The potential medium to long term savings are estimated to be worth around £5,800 in terms of the State support that would otherwise be required to support this estranged young person. Given that the grant provided was £1,540, this implies a benefit cost ratio of 3.77:1.00 (undiscounted).

Conclusion

This report explores the realities of life for low-income families and young people in the UK today, at a time when they are facing increasingly levels of insecurity and vulnerability.

Buttle UK's unique access to thousands of families living in these situations, and data from its grant giving over a 10 year period, uncovers the true levels of need of families and children around the country, as well as the multiple, often competing, challenges they are facing. We hope the data this report provides will become a crucial tool for government, local authorities and other organisations from civil society to plan for and improve services. It is already helping Buttle UK to ensure its own resources are being targeted as effectively as possible, to meet the most need in the future.

Last year Buttle UK provided £3.9m in grants to nearly 30,000 children and young people, preventing them from falling into crisis and helping them to achieve their ambitions and potential.

The cost-benefit analysis detailed in this report shows that if Buttle UK's £20m Chances for Children campaign could deliver a step change in the support the charity currently delivers, then it would also generate significant economic benefits for the individual beneficiaries, as well as the state. At a 6:1 ratio of benefit to cost, over a 15 year period, the programme could save a crucial £110.87m on education, health, policing, social welfare and other areas of public spending, and add £22.44m to the exchequer via tax revenues.

For the past six years public services in the UK have faced unprecedented funding pressures from austerity measures. It is thought too that the uncertainty caused from leaving the European Union will place further pressure on public finances in the short to medium term at least. Within this context we cannot afford to ignore the clear benefits that this model of giving could deliver.

Buttle UK has launched the Chances for Children campaign that ultimately aims to raise £20m needed to enact this increased grant giving activity.

Recommendations

This report demonstrates the huge challenges facing the most disadvantaged families. With their limited incomes under increasing pressure they are being forced to make impossible choices for their children – between healthy meals, warm clothes and heating their homes. Buttle UK joins the End Child Poverty Coalition's call to recognise the pressure that families are currently under and, in particular, to reduce dual impact of the changes to the welfare system with rising prices by:

- > **Ending the freeze on Child Benefit and Child Tax Credit, and reinstating the link between annual increases and inflation.**
- > **Ensuring that support with housing costs for families renting privately rises in line with increases in local rents.**

Our analysis shows that small, targeted investment directly into families – delivered in partnership with local support services - can directly address some of these challenges and creates a genuine chance for change in their lives. Furthermore, it is a cheap, cost effective intervention.

We call on the UK governments and other policy makers to engage with us and explore further the impact of small amounts of tailored, targeted and timely funding in lifting the most vulnerable in society out of crisis and helping them transform their lives.

We hope that support agencies, whether statutory or voluntary, will consider these findings in how they approach their own practice. Recognising that these are times of extremely tight budgets, we propose looking at the creative use of existing resources and exploring whether the adoption of this approach could be developed in conjunction with other forms of service delivery.

Our Chances for Children campaign is an opportunity for the public, businesses and civil society to help us give children and young people in crisis the help they need, not just to survive but thrive.

To find out how you can support our work, visit www.buttleuk.org



About Buttle UK


Buttle UK is a charity dedicated to helping children and young people who are in crisis reach their potential by providing small but targeted and effective interventions.

The charity provided £3.9m in individual grants to nearly 30,000 children and young people last year, preventing them from falling further into crisis and helping them to transform their lives. They are the largest grant-awarding charity to provide financial support direct to individual children and young people in the UK.

Whether Buttle UK gives a bed to a child who has become used to sleeping on the floor, counselling to a young boy who has fled an abusive home with his mother or a laptop to support a homeless teenager begin their first college course, their direct, efficient and intelligent grants are always focused on the needs of the individual.

Buttle UK was established in 1953 following the death of Frank Buttle, an East End clergyman, who raised nearly £1m to help launch children out of poverty. Since then, the money has been re-invested and multiplied countless times and ways. As the charity has grown, so has its capacity to make positive change.

You can find out more about Buttle UK and its work by visiting www.buttleuk.org



**Frank Buttle's legacy means
100% of all money donated
can go directly to a child**

Appendices

Methodology for Section 2

nkm (Mayhew Harper Associates Ltd.) initially studied the Buttle UK grant application forms to ascertain the data available on each applicant. This included details such as reason for application, age, gender, family characteristics, ethnicity, household income, benefits entitlement, and postcode. In addition to these data, also available is the outcome of each application in terms of the size and purpose of the award if the applicant is successful.

Buttle UK applicant data is rich but complex with millions of items of data collected over a period of 10 years. *nkm* analysed the data from many perspectives – family size and type, issues affecting children and families, sizes of grants and the purposes for which grants were needed. It also analysed applications geographically and compared the results with independent measures of poverty, deprivation and household type to see whether grants were broadly aligned with material need or general hardship.

With up to 50 different reasons contained in each grant application *nkm* found that was no unique way to categorise grant applicants – since it depended very much on one's perspective and the purpose of the analysis. For general purposes, it was decided to categorise applicants on the basis of whether the issues they were experiencing were child-centred (i.e. concerns about a child in the household), family-centred (i.e. issues affecting the whole family) or both.

This process produced five application types: A Children facing abuse or neglect, B Children with health or physical development issues, C Children with behavioural or mental health issues, D estranged children or young adults, and E families in general. These categories slightly overlap since an applicant can theoretically fall into more than one applicant category e.g. a child experiencing neglect with developmental problems whose parent is homeless.

In seeking help for a particular issue or set of issues it is important to know how applicant types overlap (i.e. many applicants experience multiple issues). However, it is easy to create a small number of sub-categories, which are mutually exclusive. *nkm* analysed Buttle UK data to find out which applicant reasons or 'risk factors' were most commonly associated each applicant category. Such information may be helpful in wider context such as designing services around children and families and providing appropriate professional help.

Some of the analysis was unsurprising – for example, child neglect and abuse is strongly correlated with drug and alcohol abuse or domestic violence. Other recurring risk factors were material poverty, homelessness, desertion, extreme family size, a mentally ill parent and so on. Using the data, one is able to quantify not only which risk factors occur but also with what frequency within different applicant categories, down to a district (local council) level. Such data is not collected or available from any other source as far as we know and so it is unique.

As a consequence, as long as similar or close proxy data are available and comparable for every part of the UK, it is possible to compare the scale of need in each area with the number and level of awards made. This approach will allow Buttle UK to identify areas and types of unmet need and use this to drive its strategy going forward. The number of applicants from each area depend upon the number of referrals made by referring organisations and their ability to identify suitable cases from among all the cases that are referred to them. This works well but it is not a perfect process; however, the strength of this analysis is that it will enable Buttle UK to spot trends and gaps going forward in order to better meet children's needs throughout the UK.

Controlling for need

Buttle UK grant applications are channelled through around 10,000 referring organisations scattered across the UK. The general aim is to refer children and families that are facing financial hardship and social welfare issues, which could include: domestic abuse, drug/alcohol misuse, estrangement, illness, distress, abuse, neglect and behavioural or mental health issues.

In overall terms, it can be argued that the distribution of grants provided should reflect local need and hardship. However, absolute levels of hardship and social deprivation are not known with certainty at local level whilst the number of referrals from each district by itself is not necessarily an accurate indicator of need (e.g. local knowledge about Buttle UK may be deficient and so under-referred).

There are examples of proxy data for measuring social deprivation, which could be used as a benchmark for comparing applicant data, one example of which is the Index of Multiple Deprivation (or IMD). In Buttle UK's case, indicators were used that more obviously related to children and families in financial hardship rather than a general purpose indicator which is an average covering a population of several hundred thousand people.

Any indicator used should be capable of measurement down to district level, be available for the whole UK and be reasonably up to date. Based on these criteria, we found that DWP benefit data best met these requirements and in addition, captured accurately many of the characteristic features of Buttle UK applicants, evident from application forms. Examples include the number of households receiving Income Support, the number of in-work families with children receiving Working Tax Credit or Child Tax Credit, disability benefit caseloads, or the number of lone parent households on Income Support.

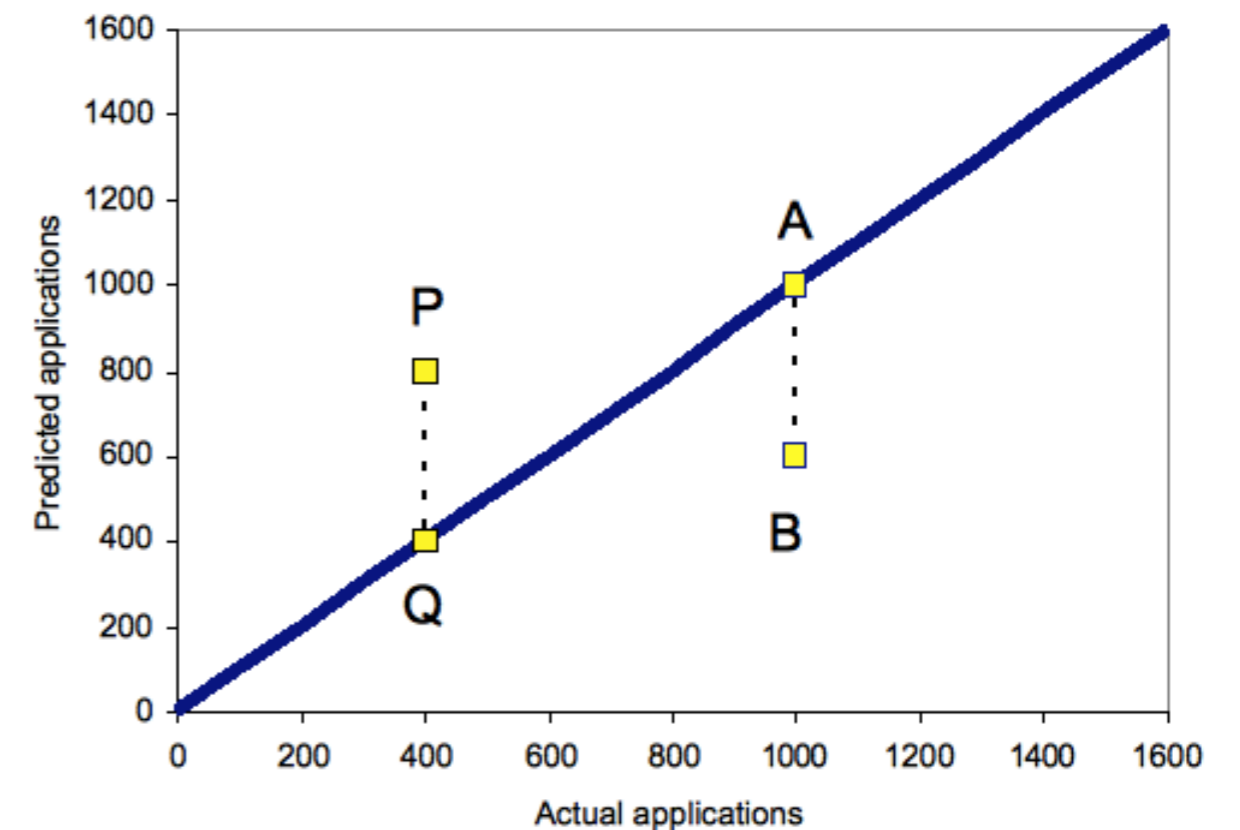
Aside from DWP data, census data is able to provide information on the number of households with children by district, that can be readily be used to determine the density of need (e.g. the number of lone parent households on Income Support as a percentage of all households with children). Using multiple regression techniques, we used both sets of data to predict the expected number of Buttle UK applicants in each district of the UK. (For data reasons Northern Ireland could not be broken down into districts).

We found that by using this method, it was possible to predict 80% of the variance in the number of grant applications by local district. Although this is a high figure it does not provide an accurate prediction in every area of the country – i.e. some districts were predicted to generate more applications than were actually received and others less. The extent of any mismatch was measured by calculating the deviation between the expected and actual number of applications (see Figure 11).

For example, at point P the actual number of applications is higher than the predicted number of applications which are expected to fall on the diagonal line by an amount equal to P minus Q. Similarly at point B the actual number of applications falls below the predicted number of applications by an amount A minus B. It is not intended, of course, that the method is used mechanistically to direct the distribution of grants in future but as a benchmark or check for measuring if they are significantly out of kilter.

For example, we found that roughly 54% of Buttle UK applications at district level were within 50 % of their expected value and 46% were not. Geographically, we also found that there were patterns in the data suggesting that some parts of the country were more out of kilter than others. The implication of these findings is that Buttle UK now has the tools needed to investigate why this may be occurring and if any action should be taken e.g. targeting the districts most affected.

Figure 11. Showing the deviation between the expected and actual number of applications



Methodology for Section 3

The approach taken to the appraisal involves a three-step methodology, summarised here in brief:

First, a review was undertaken of relevant literature and data. The review included background documents, research reports, data and other materials developed by or commissioned for Buttle UK. It also included a wider review of literature produced by other organisations and academic institutions in the UK, with a particular emphasis on research focusing on the public expenditure implications of addressing child poverty and challenges faced by disadvantaged young people.

Second, a bespoke survey of its recent grant beneficiaries was organised by Buttle UK, using a questionnaire designed by Buttle UK but with inputs from Development Economics Ltd. A total of 53 responses were received, with Development Economics taking the lead in analysing the results.

Third, all this evidence was brought together and used in the development of a spreadsheet-based discounted cash flow model of anticipated programme expenditure and expected downstream implications for public expenditure and tax revenues.¹⁹ Assumptions regarding future public expenditure were developed using best available public information obtained from the document and data review.

Approach to the quantification of effects

The report focuses on potential public expenditure savings across the following six themes:

- > **Children's and youth education**
- > **Child protection and safeguarding**
- > **Physical and mental health and well-being**
- > **Crime and anti-social behaviour**
- > **Housing and homelessness**
- > **Adult and youth economic inactivity and unemployment**

Adult and youth economic inactivity and unemployment

For each of these themes, a comprehensive review of relevant research documents and data – including academic studies and research undertaken by government or third-sector organisations – was undertaken, with the focus being to establish a robust evidence base for each of the following:

19. Discounting is a method widely used in economic appraisals where future costs or benefits are converted to a present value using a discount rate. The discount rate is the annual percentage rate at which the present value of a pound or other unit of value is assumed to fall away over time. The standard discount rate used in UK Government appraisals is 3.5% p.a. and that is the rate used in this assessment.

- > **Average unit costs for individuals or households receiving public expenditure support (for example, the average public expenditure incurred for each young person that is excluded from attending school). Where alternative cost estimates were found, the approach taken was to utilise the most recent and/or comprehensive evidence available. Where a range of values was provided, a low-end or mid-point value was used.**
- > **The tendency of families (or young people) in target groups to be "at risk" of requiring support in each of the six thematic areas (or those which are relevant to their circumstances). For example, the document review identified data on the propensity of children from very low income families to suffer from regular problems in attending school and exclusion from school. Again, where a range of values was available, a low-end or mid-point value was used.**
- > **In situations where the provision of a grant leads to the potential for public expenditure savings (e.g. a school exclusion prevented), it is also necessary to make assumptions about the duration of these effects. Evidence on the durability and persistence of positive effects was also captured during the document review stage. In all cases the most conservative assumption about duration and persistence of effects was used.**

The available evidence from academic and other research was also supplemented with primary evidence obtained from the survey of recent beneficiaries of Buttle UK grants. For example, the survey of families asked questions about the effects that receiving a grant had on their child's education and behaviour, and on family stability. Beneficiary responses (in percentage terms) to relevant questions were utilised in the modelling assumptions.

Ultimately, the modelling of potential impacts involves the use of judgements based on the best available primary and secondary research evidence. In all cases the judgements and assumptions used are the responsibility of Development Economics Ltd.

Modelling framework used

The elements included in the model (future spending, benefits and public revenues) have been appraised according to the principles set out in HM Treasury's Green Book (2003 edition).²⁰

All costs and benefits have been assessed in a discounted cash flow framework, with costs and benefits expected to occur in future years converted to a present value discounted at 3.5% per annum in line with standard Green Book guidance.

20. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf



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