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Author and acknowledgements

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Centre for Research on Families and Relationships
Research briefing 83 • March 2016

ISSN 2058-5020

A 'pockets' approach to addressing financial vulnerability

This briefing paper outlines recent evidence on financial vulnerability among families in Scotland, and draws on the *Healthier, Wealthier Children* case study as an example of action that could help families both at risk of, and experiencing, poverty.

Key points

- New research using Growing Up in Scotland (GUS) data involving more than 5,000 children shows the negative associations between financial vulnerability, maternal emotional distress and children's wellbeing.
- Successful approaches, such as the *Healthier, Wealthier Children (HWC) project* within NHS Greater and Glasgow and Clyde, have been shown to 'put money into families' pockets'.
- Adding a financial inclusion role within universal services could be a potent mechanism to ensure that children's developmental milestones and learning outcomes are achieved.
- Taking forward the learning from the GUS and HWC evidence will contribute to delivering the Scottish Government's National Outcomes, in particular improving the life chances for children and families at risk.

Background

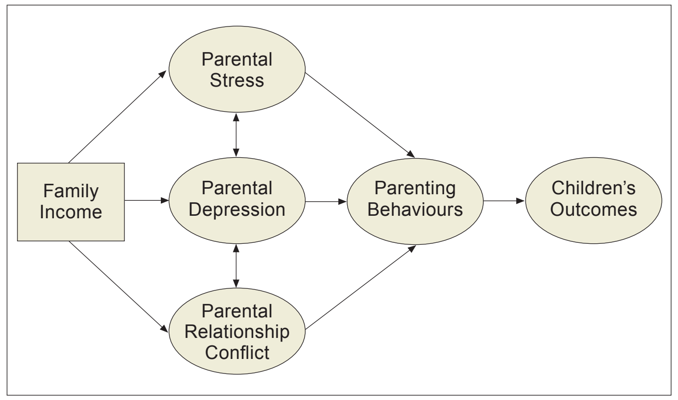
The recent report by the Scottish Government's Independent Advisor on Poverty and Inequality provides some insights into how Scotland could act to reduce the numbers of people living in poverty in Scotland (Scottish Government, 2016). In 2013/14, relative child poverty rates, after housing costs, in Scotland were 22%, which although better than the UK are still too high. The report recognises the effectiveness of a range of anti-poverty actions, particularly around welfare reform, such as setting up the successful Scottish Welfare Fund and funding advice services, and recommends 15 key actions to significantly reduce the numbers living in poverty. One of these key actions includes doing more to ensure that people claim the benefits they are entitled to. Within this context this briefing paper provides recent evidence of the detrimental effects of financial vulnerability on families, and highlights an existing income maximisation intervention operating in the largest health board area in Scotland, which could contribute towards achieving the national outcome of improving the life chances for children and families at risk.

Financial vulnerability is a factor that affects most families living in poverty. Measurements of financial vulnerability are different to those of poverty and include a combination of debt, money worries and how a family is managing on their current income. Actions to alleviate poverty, such as taking on borrowing or prioritising utility bill payments and falling behind on other payments deemed less urgent, may temporarily reduce the experience of poverty but will result in increased financial vulnerability (Treanor 2015; 2016). Another facet of heightened financial vulnerability is the financial exclusion faced by many families living in poverty. Research shows that families lack information and advice on benefit entitlements, are discriminated against in the mainstream financial sector, and often resort to borrowing with very high interest rates attached, for example from doorstep lenders and high street catalogue stores (Harris et al, 2009; Stewart, 2009).

The family stress model outlined in Figure 1[1] suggests that the stress induced by poverty and financial vulnerability has adverse impacts on parental emotional distress and negatively affects children in several ways (Yeung et al, 2002; Schoon, 2010; Conger et al, 2010). For example:

- Parents experiencing acute stress are able to devote less time to their child's development and wellbeing
- Parents experiencing acute stress may be unable to display calm, confident and consistent parenting behaviours
- Children, especially older children, are fully aware of the financial and emotional stress their parent(s) are under and consequently experience their own emotional distress, despite parents' efforts to protect them
- Financial vulnerability negatively affects children directly due to their financial exclusion from their peer group, for example in relation to social, leisure and celebratory activities (Ridge, 2002; Holscher, 2008).

Figure 1: The family stress model



Growing Up in Scotland - The financial vulnerability study

Growing Up in Scotland - The financial vulnerability study

Growing Up in Scotland[2] (GUS) is a large-scale longitudinal project that tracks the lives of children right across Scotland, from the early years through childhood and beyond. Using GUS data, recent research in Scotland shows that families living in poverty experience financial vulnerability that is directly associated with increased maternal emotional distress and leads, both directly and indirectly, to lower child wellbeing, (Treanor, 2015; 2016).

Recent research involving 5217 children born in 2004-05 shows that mothers' financial vulnerability is most strongly associated with (in order of importance): income; not being in paid work; working part time; being a younger mother at the birth of first child; being recently separated; and being a long-standing lone parent (Treanor 2016; 2015). For the social, emotional and behavioural wellbeing of children, maternal emotional distress was found to be the greatest negative association, followed by financial vulnerability and income. As these effects are additive, their combination is associated with increasingly poor levels of child wellbeing.

Among the important recommendations to emerge from this Scotland-wide research into financial vulnerability in young families are:

- practitioners working with families of young children could screen service users to ascertain financial vulnerability; and
- practitioners working with families of young children could signpost/refer to money advice services in order to maximise family income and ensure families are receiving all the financial support to which they are entitled.

This is in keeping with the Scottish Government's Child Poverty Strategy (2014) which focuses on three areas; Pockets, Prospects and Places. The first category, Pockets, has the overarching aim of:

> 'Maximising household resources – Our aim is to reduce income poverty and material deprivation by maximising financial entitlements and reducing pressure on household budgets among low income families, as well as by maximising the potential for parents to increase family incomes through good quality, sustained employment, and promoting greater financial inclusion and capability'
>
> (Scottish Government, 2014: 12)

In Treanor's research (2015) the GUS data on the negative associations of financial vulnerability on families living in poverty was Scotland-wide. To-date, there is no pan-Scotland initiative to alleviate financial vulnerability or maximise the incomes of families with young children.

Case study – the *Healthier, Wealthier Children* project

The subject of the case study for this briefing paper is a project operating across NHS Greater Glasgow and Clyde (NHS GGC) with relatively low resources and impressive results. The *Healthier, Wealthier Children* (HWC) project was launched in October 2010 and received initial funding for 15 months from the Scottish Government. As a result of its impressive outcomes, it has been mainstreamed across the health board area. The HWC project highlights the potential positive impact of implementing the GUS research recommendations across the whole of Scotland.

Conclusion

With women the primary recipients of HWC advice services, there is consistent evidence from elsewhere of the 'purse versus wallet' theory[3]. In other words, mothers are more likely to spend income on children than fathers. Furthermore, money received by families, such as Child Tax Credits, is predominantly spent on children (Dickens, 2011). Families living in poverty are also geographically constrained due to a lack of access to affordable or available private or public transport (Harris et al, 2009), thus spending their resources locally and boosting local businesses and benefiting the local community.

This latest research involving a large sample of young children shows that financial vulnerability affects most families living in poverty across Scotland. Moreover, efforts directed towards reducing this type of vulnerability would lead to reduced parental stress, with important benefits to children's wellbeing. There is also a wealth of evidence and learning resources[4] from the HWC project on developing links between universal services, such as midwives and health visitors, and money/welfare advice services to effectively address this type of financial vulnerability.

In terms of children's outcomes, income support policies have been described as multipurpose, in that few other policies are likely to affect so many outcomes at the same time (Mayer, 1997). Therefore, adapting and extending approaches like the HWC model to address child poverty and financial vulnerability across Scotland could support other work, such as that of the Early Years Collaborative (EYC), a multi-agency programme to improve outcomes for children and families[5]. Universal health services continue to support the national EYC targets which include ensuring that positive pregnancies[6] and children's developmental milestones and learning outcomes are achieved. Combining a financial inclusion role would provide a potent mechanism for addressing a broad range of early years national priorities.

By 2020, another 100,000 children are predicted to be pushed into poverty in Scotland with relative child poverty rates, after housing costs, expected to rise to 26.2% (Browne et al., 2014). Within the context of this worrying forecast, this briefing paper describes the negative family effects associated with financial vulnerability and highlights a cost-effective approach, in the Healthier, Wealthier Children case study, which could inform Scotland-wide action to ensure that all children have the best start in life.

Case study - *Healthier, Wealthier Children* project

Healthier, Wealthier Children (HWC) is an initiative that developed new approaches to providing money and welfare advice to pregnant women and families with young children experiencing, or at risk of, child poverty across NHS GGC. It involved a range of partners including NHS GGC, Glasgow City Council, other council partners, money/welfare advice organisations and the voluntary sector generally. During the initial 15 months development stage, HWC was primarily located within the frontline NHS early years workforce, such as midwives and health visitors, and local money/welfare advice services. Health staff identified the need for help and advice among pregnant women and families and referred them to partners in advice services.

Between 2010 and 2013, the HWC project received just over £1.32 million in funding; comprising £1m in development costs over the first 15 months and, thereafter, just over £320,000 to support successful mainstreaming between the early years and advice services operating across the NHS GGC area. Despite subsequent reductions in annual budgets, the project continues to achieve significant gains since its implementation in 2010, with minimal service redesign. In the HWC project, midwives and health visitors have been integrating referrals for money advice and help into their daily practice, despite the challenges of sizeable caseloads and responding to a range of needs, including high child poverty rates in some local areas (Naven et al, 2012; Naven and Egan, 2013).

The latest NHS GGC performance report up until February 2016 shows that HWC has achieved just over £11 million in cumulative financial gains for over 10,300 pregnant women and families. Comparing this cumulative figure of £11million with the initial costs of £1.3 million and combined annual costs, the project has conservatively achieved a benefit to cost ratio of around 5:1; a major achievement which exceeded the initial remit and best case scenario expectations.

In the HWC project, as a consequence of being referred to advice services, families also received additional gains, for example, help and support with childcare, housing, charitable applications, advocacy, accessing cheaper utility options as well as help with immigration and social work issues. The project also increased uptake of Healthy Start vouchers for low income families and pregnant women to spend on milk, fruit and vegetables. This snowballing of referrals and support was a positive consequence of the HWC project. Families reported being unaware of their entitlements and would not have approached traditional mainstream advice services for help (Naven et al, 2012; Naven and Egan, 2013). Furthermore, a small sub-group of families reported reduced stress, improved mood and an increased sense of self-worth and security. Some also reported an improvement in relationships with family and friends.

[1,3]https://www.jrf.org.uk/report/does-money-affect-children%E2%80%99s-outcomes
[2]http://growingupinscotland.org.uk/

[4]http://www.nhsggc.org.uk/your-health/campaigns/healthier-wealthier-children/
[5]http://www.earlyyearscollaborative.co.uk/
[6]http://www.gov.scot/Resource/0042/00422151.pdf (Early Years Collaborative Workstream 1 Driver Diagram)

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