A ‘pockets’ approach to addressing financial vulnerability

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This briefing paper outlines recent evidence on financial vulnerability among families in Scotland, and draws on the Healthier, Wealthier Children (HWC) project, Glasgow: Glasgow Centre for Population Health.


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.

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 (Treasor 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 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; Harris et al, 2009), thus spending their resources locally and boosting local businesses and benefiting the local community.

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, 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. 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.

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.