

## **Financial Wellbeing: Evidence Briefing**

This briefing paper supports the 'Financial wellbeing' section of the [Early Years Mental Health Improvement Framework](#) which has been developed by NHS Greater Glasgow and Clyde. It demonstrates the importance of work that promotes financial wellbeing by outlining available evidence on the impact poverty and inequality can have on babies, young children, and their families. This includes impacting their learning and development, mental health, and risk of adverse childhood experiences (ACEs).

### **1. Introduction**

In 2019/20, 4.3 million children in the UK were living in relative poverty.<sup>1</sup> Poverty among families where the youngest child is under five is even higher. In 2019/20, 36% fell into this group, affecting around 2.2 million children.<sup>1</sup> Some groups of children in particular face extremely high rates of poverty. On average for the period of 2017-2020, 71% of Bangladeshi origin with a young child were living in poverty. In many other minority ethnic groups, over 50% of families were living in poverty.<sup>1</sup>

Poverty can, directly and indirectly, impact babies and young children. It can have a direct impact on their experiences and development, such as through a lack of money or material resources putting pressures on household budgets and therefore on the ability to buy essentials.<sup>2</sup> This can lead to hunger and food insecurity, limited space and poorer housing conditions, less access to safe places, and fewer opportunities for play.

Poverty can not only be experienced materially or socially by babies, young children, and their families, but also emotionally. Family stress, such as not having enough income or work can impact all elements of family life. It has been shown to impact the way love and care are expressed, and a parent or carer's 'cognitive bandwidth', the mental space and effort involved in being attentive and responsive.<sup>2</sup>

The specific ways in which poverty and inequality impact babies and young children are explored in Section 2 below.

### **2. Impact of poverty on babies and young children**

This section provides an overview of some of the key areas through which poverty and inequality can impact babies, young children, and their families, including their:

- Learning and development
- Mental health
- Risk for multiple adverse childhood events

#### **Learning and development**

- Income has been shown to have a particular impact on children's cognitive development, followed by their social, emotional, and behavioural

development<sup>3</sup> The longer children spend in poverty, the greater the likelihood that they will experience these types of difficulties.<sup>4</sup>

- On average, 40% of the overall development gap between disadvantaged 16-year olds and their peers has already emerged by the age of five.<sup>5</sup>
- Children in the most deprived areas of Glasgow are two to three times more likely to have difficulties with social, emotional or behavioural development compared with children from the least deprived areas.<sup>6</sup>
- Children from higher-income families significantly outperform those from low-income households; at five years old, there is a gap of ten months in problem-solving development and of 13 months in vocabulary.<sup>7</sup>
- Income gains have been shown to have a larger impact on households lower down the income distribution, across a variety of outcomes including health, cognitive and schooling outcomes and social and behavioural development.<sup>3</sup>

### **Mental health**

- Increasing income is likely to reduce maternal depression and this is strongly associated with child development outcomes.<sup>3,8,9</sup>
- Children and young people living in the 20% least well-off households are four times more likely to experience severe mental health problems than those in the highest income households.<sup>10</sup>
- The mental health risk of economic hardship starts early in life. Socioeconomically disadvantaged children and adolescents are two to three times more likely to develop mental health problems.<sup>11</sup>

### **Multiple adverse childhood events**

- Children growing up in disadvantaged areas, in poverty, or of a lower socioeconomic status are more likely to be exposed to Adverse Childhood Experiences (ACEs) than their more advantaged peers.<sup>12</sup>
- Living in poverty is a reinforcing factor in the accumulation of ACEs and poorer children are more likely to experience frequent and intense adversities.<sup>13</sup>
- In national samples of Scottish children, those living in households in the lowest quintile (20%) of household income were almost 12 times more likely to experience three or more adverse childhood events by age eight compared to those in the highest quintile.<sup>14</sup>
- Children in poverty have less access to resources that help reduce the negative impacts of ACEs.<sup>12</sup>

- Rates of child abuse and neglect are five times higher for children in families with low socioeconomic status compared to those with higher socioeconomic status.<sup>15</sup>

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