UK spends more on families than most OECD countries [1]

Only Denmark and France spend more on children but in terms of outcomes UK lags behind countries which spend less

Author: McVeigh, Karen
Source: Guardian
Format: Article
Publication Date: 27 Apr 2011

EXCERPTS

Britain is one of the biggest investors in families across all countries of the Organisation of Co-operation and Economic Development (OECD), according to a report looking at how governments support families.

It spent 3.6% of its GDP on family benefits, compared to an OECD average of 2.2% over all benefits, in 2007. Only Denmark and France spent more, at 3.7% each.

The OECD report into family life has found the UK spends more on each child than most other OECD countries, more than $138,000 from birth up to the age of 18, compared to an OECD average of $95,000. Most of it, 2.1% of GDP, spent on families was spent on cash benefits, such as child benefit and working tax credit.

However, in terms of better outcomes for families, such as the ability to lift children out of poverty, gender equality and family employment, Britain lags behind countries which spend less.

Dominic Richardson, one of a team of analysts behind the OECD report, Doing Better for Families, said that Nordic countries, which spend proportionally more on services than they do in cash, get "more bang for their buck".

The UK should be more concerned with how it spends on families than by how much, he said.

He said: "The Nordic countries, which are generally the countries that spend a smaller amount of GDP in family benefits than the UK, tend to spend more on services to families rather than cash. The UK does it the other way round. But the Nordic countries have better outcomes in terms of less child poverty, gender equality, better employment rates in families and better childcare enrollment rates for under sixes."

Sweden spends 3.1% of GDP on family benefits, while Finland spends 2.7, but both have fewer children in poverty and more women in work.

Richardson said: "We are not drawing hard and fast causal relationships, but it is worth the UK looking at how it transfers its support to families and particularly how it could make better use of services."

Since the 1990s, the proportion of under fives in formal childcare has grown from 33% to more than 50% across all OECD countries, but the report found that children who would benefit most from childcare have least access to it.

Before the financial crisis, child poverty in the UK fell by the largest proportion out of all OECD countries, the report said. In 2005, it was 10.5%, down from 17.4% in 1995.

However, it reported that "progress in child poverty reduction in the UK has stalled and is now predicted to increase" so social protection spending on families, as a "longer-term solution to poverty risks needs to be protected."

The report said: "Countries that do well on family outcomes devote about half of public spending on family benefit to in-kind services, including quality early childhood care and education services, so it makes sense to sustain this investment. Also countries which deem it necessary to reduce family support should ensure the most vulnerable are protected."

It found that childcare costs in the UK are "considerably higher" than the 13% of overall family income on average across the OECD. After accounting for childcare, a second earner's income in the UK is effectively "taxed away", the report found.

A second earner, once childcare costs are taken into account, takes home only 32 pence in a pound, compared to 48% on average across OECD countries. The only countries where the childcare costs reduced earning further were Ireland, New Zealand and Switzerland.

...

The report backs up earlier findings, which revealed the UK was one of the least socially mobile countries, with parents passing on similar levels of inequality to their children, and shows that low levels of education of parents is having a greater cognitive effect on children in the UK than it is on children in Australia, Canada, Denmark and the US.

- reprinted from the Guardian

Related link: OECD report: Doing better for families [2]
Region: Europe [3]
Tags: poverty [4]
affordability [5]
child development [6]
funding [7]
federal programs [8]
mother's labour force participation [9]
public management [10]

Source URL (modified on 27 Jan 2022): https://childcarecanada.org/documents/child-care-news/11/05/uk-spends-more-families-most-oecd-countries
Links
[1] https://childcarecanada.org/documents/child-care-news/11/05/uk-spends-more-families-most-oecd-countries [2] http://www.oecd.org/document/49/0,3746,en_21571361_44315115_47654961_1_1_1_1,00.html [3] https://childcarecanada.org/category/region/europe [4] https://childcarecanada.org/category/tags/poverty [5] https://childcarecanada.org/category/tags/affordability [6] https://childcarecanada.org/category/tags/child-development [7] https://childcarecanada.org/category/tags/funding [8] https://childcarecanada.org/category/tags/federal-programs [9] https://childcarecanada.org/taxonomy/term/8142 [10] https://childcarecanada.org/taxonomy/term/8166