



House of Commons

Children, Schools and Families  
Committee

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## **Child Poverty**

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**Oral and written evidence**

***Monday 9 June 2008***

*Rt Hon Ed Balls MP, Rt Hon Yvette Cooper MP,  
Rt Hon Beverley Hughes MP, Rt Hon James  
Purnell MP, and Rt Hon Stephen Timms MP*

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## **The Children, Schools and Families Committee**

The Children, Schools and Families Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Children, Schools and Families and its associated public bodies.

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Mr Barry Sheerman MP (*Labour, Huddersfield*) (Chairman)  
Adam Afriyie MP (*Conservative, Windsor*)  
Annette Brooke MP (*Liberal Democrat, Mid Dorset & Poole North*)  
Ms Dawn Butler MP (*Labour, Brent South*)  
Mr Douglas Carswell MP (*Conservative, Harwich*)  
Mr David Chaytor MP (*Labour, Bury North*)  
Mr John Heppell MP (*Labour, Nottingham East*)  
Mrs Sharon Hodgson MP (*Labour, Gateshead East & Washington West*)  
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Mr Andy Slaughter MP (*Labour, Ealing, Acton & Shepherd's Bush*)  
Mr Graham Stuart MP (*Conservative, Beverley & Holderness*)  
Lynda Waltho MP (*Labour, Stourbridge*)

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**Rt Hon Ed Balls MP**, Secretary of State for Children, Schools and Families, **Rt Hon Yvette Cooper MP**, Chief Secretary to the Treasury, **Rt Hon Beverley Hughes MP**, Minister for Children, Young People and Families, **Rt Hon James Purnell MP**, Secretary of State for Work and Pensions, and **Rt Hon Stephen Timms MP**, Minister for Employment and Welfare Reform

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# Oral evidence

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## Taken before the Children, Schools and Families Committee

on Monday 9 June 2008

Members present:

Mr Barry Sheerman, in the Chair

Annette Brooke  
Mr David Chaytor  
Mr John Heppell  
Paul Holmes

Fiona Mactaggart  
Mr Graham Stuart  
Lynda Waltho

*Witnesses:* **Rt Hon Ed Balls MP**, Secretary of State for Children, Schools and Families, **Rt Hon Yvette Cooper MP**, Chief Secretary to the Treasury, **Rt Hon Beverley Hughes MP**, Minister for Children, Young People and Families, **Rt Hon James Purnell MP**, Secretary of State for Work and Pensions, and **Rt Hon Stephen Timms MP**, Minister for Employment and Welfare Reform, gave evidence.

**Q1 Chairman:** May I welcome this rather large ministerial team to our proceedings? The occasion is historic, and I cannot remember any Select Committee ever having such a large number of Cabinet and other Ministers. I apologise to Stephen Timms. We were not sure whether he was coming, but we are delighted that he is here, and he will receive a name plate in a moment. I also welcome—I shall not give titles—Yvette Cooper, James Purnell, Ed Balls and Beverley Hughes to our proceedings. Secretary of State, you will orchestrate from your side who comes back and when?

**Ed Balls:** Within the realm of the possible.

**Chairman:** I will override you if and when necessary

**Ed Balls:** I will back down immediately.

**Q2 Chairman:** I want to remind you that when you gave evidence to this Committee last time you said that your role and the Department's future would depend on what leverage you could bring to the job in persuading other Cabinet members to agree with you and to work together. Having reminded you of that, I invite you to say a few words to open our proceedings.

**Ed Balls:** Thank you, Mr Chairman. As you say, it is unprecedented to have so many Cabinet and other Ministers before one Select Committee. The credit goes not only to you and to your investigation into the Children's Plan from around Christmas, but to Fiona Mactaggart, whose hard questioning at the time led to the idea that we needed to investigate the issues across Departments. It is appropriate that the Committee that looks at the Department for Children, Schools and Families should be the first to investigate the new machinery, and in particular our long-term actions on child poverty. It is central to our new Department to tackle the long-term causes of poverty and to promote the well-being, health and happiness of every child. I am sure that, when the Chancellor appears before the Treasury Committee, he is scrutinised on the details of Budget decisions. It is right that our Department should be questioned by you on the long-term impact of our policies on child poverty and child well-being. It is also the case

that, in both the short-term and long-term, this is very much a collective endeavour. The child poverty Public Service Agreement targets are jointly owned by my Department, the Department for Work and Pensions and the Treasury. That is why, when it was suggested that we should have such an inquiry, we thought that it was right to have Cabinet-level representatives from the DWP—we have James here as well as the Minister for Employment and Welfare Reform, Stephen Timms—the Chief Secretary to the Treasury, and Bev Hughes, who is Minister for Children, Young People and Families and attends Cabinet for discussions of all matters to do with children and child poverty. This is very much a joint endeavour. As we discussed when I appeared last time, we cannot achieve any of our long-term goals with regard to child health, well-being, happiness and progress without close co-operation with other Departments. In the creation of the new Child Poverty Unit (CPU), we have seen that degree of close co-operation. I know that you will want to talk to us about that today. Also, the document *Ending child poverty: everybody's business*, which we published on Budget day, was a joint endeavour of the three Departments—Treasury, DWP and DCSF. On re-reading it over the weekend, I have to say that it is really good document and shows the degree of intellectual rigour and policy understanding that is in that joint unit. Because of the joint work, we were able to make the progress that we made at the time of Budget 2008. We are all driven by the fact that the levels of child poverty have been unacceptably high in Britain. In 1997, it was at the highest level of any European country. There had been a doubling of child poverty from the previous 18 years. In the past 10 years, we seen a dramatic fall of 600,00 children living in relative poverty. In the years where we have comparable data, we have seen the largest fall in child poverty of any European country. We were all disappointed when the last published statistics showed a small rise in child poverty. That is why we were determined to redouble our efforts, and that is what happened through our joint work at the time of the Budget. It

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was a significant step forward in the short-term. Last year's Budget measures<sup>1</sup> will take out 500,000 children from poverty over the next two or three years. Also, the money that was put on the table—again, in a joint way—for the long-term work has been another step. Some £125 million has been made available to finance pilots over the next three years. Those pilots will consider a range of different issues around work, parenting, child support, child development and the take-up of tax credits. The Budget document, both short and long-term, showed the joint work of the three Departments. As the Committee knows, the Households Below Average Income statistics for 2006–07, which include figures on child poverty last year, are due to be released tomorrow morning. We as Ministers are aware of the content of those statistics, but the protocols of the independent national statistics organisation mean that we cannot reveal those numbers to the Committee, much as we would like to. The timing of the release of those statistics tomorrow was made by National Statistics, independent of us and after the timing of today's hearing had been decided. I apologise that we cannot get into that detail, but I hope that we will be able to look at the long-term issues that arise from our track record on child poverty over the last 10 years and the last Budget. As I said, we are determined to redouble our efforts. It is a moral imperative for our country that we meet our targets to abolish child poverty in a generation and halve it by 2010. That commitment is shared across all Departments. We work and discuss those issues regularly and closely and we are pleased that you chose this issue for the DCSF Committee to investigate today.

**Q3 Chairman:** Thank you, Secretary of State. Some of us were on a previous Committee and know quite a lot about the job in terms of the schools part of the remit. We were determined that, with the new Committee covering children and families, we would do it thoroughly right across the piece. We are already well into a major inquiry about looked-after children and children in care, and we will be meeting with some of you during that inquiry. We were determined that, if the Government were correct in establishing the new Department, it should be a lead Department with a remit to cover all children's issues—we are terribly disappointed that there is no one from Health here. That is teasing you a little, Secretary of State.

**Ed Balls:** It was not possible to fit them in.

**Q4 Chairman:** It was not quite possible. This is an historic day in the sense that we cannot have the stats that you would like to give us tomorrow, but we did have a rather disturbing report—published this morning and leaked in the weekend press—from the Children's Commissioners in England, Northern Ireland, Wales and Scotland on this subject. It is rather strange. The Government are committed to

ending child poverty and, many of us would say, have started to tackle it in a workman-like way and have achieved very much. I was at a Carnegie Foundation and Sutton Trust seminar in New York the week before last, where many of the American researchers doing international research were full of praise for what the UK has been doing and has achieved. How do you balance the voices that say that very serious beginnings have begun on this matter when compared with what the Children's Commissioners said this morning? How would you answer that?

**Ed Balls:** First, I would say that we have made substantial progress but that there is a long way to go. That is true whether you are talking about the raising of school standards or reductions in child poverty. We have probably exceeded our expectations of the progress that we could make in the years that we have had, but there is still further to go. Secondly, this morning the Children's Commissioners made it clear that the creation of the new Department, the bringing together of policies for children and young people into one Department, and the joint responsibilities regarding crime, sports, poverty and children's health are a substantial step forward and a way of integrating policy better. They said that the majority of children are happy, doing well and thriving, and they are right about that. In our society, the danger is that we tend to talk down the achievements of our children and young people, when there are many great things being done across the country by children in school, in volunteering and more widely. It was also pointed out that we still have a high level of children who are incarcerated because of youth crime. That level has stayed stable but is still higher than in some other countries. We are very focused, as a new Department, on improving the quality of children's education, on resettlement when children leave imprisonment and particularly on tackling the causes of youth crime. That is exactly what our Department is all about. We are responding to the concerns that many had, including the Children's Commissioner, in the agenda that we set out in the Children's Plan. We cannot write the headlines or the stories, and I would anticipate that the Children's Commissioners themselves would have been disappointed with some of the negative ways in which their comments were reported. Overall, the picture is very positive for children and young people in our society, but there is still some way to go to make this the best place in the world for children to grow up in, and that is our Department's mission.

**Q5 Chairman:** Thank you for that, Secretary of State. May I switch to the Secretary of State for Work and Pensions? I was considering the Department for Work and Pensions today. We are very lucky to have this session on the back of a very good report by our sister Committee, the Select Committee on Work and Pensions. You gave evidence to its inquiry. May I say that from reading that report, it seems that plunging into poverty is very easy for someone who becomes a single parent

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<sup>1</sup> *Note by witness:* The measures in question are those in the Budget 2007, Budget 2008 and last year's pre-Budget Report (PBR).

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unit? That applies usually to a female single parent. How can we ever address that? In the area that we know best, some educational assistants earn £13,815 on average. Retail cashiers and checkout operators earn £11,700. Other educational assistants earn £10,698. Are we ever going to be able to crack poverty if single parents have to rely on such low wages? I am talking not just about people working in classrooms as classroom assistants but about people working at the checkouts in Tesco's or Sainsbury's. Are we ever going to crack this?

**James Purnell:** I think that, yes, we can. That is precisely why the minimum wage and tax credits are so important—so that there is a floor on wages and so that tax credits can top up people's wages. We believe firmly that getting people into work is their best route out of poverty, but not the only one. We try to get as many people as possible into work but, as we made clear in the document that was referred to earlier, we also have a strategy for getting people who are not in work above the poverty line. We need to do both. The point that you made about New York is interesting. I was there talking to Mayor Bloomberg's deputy mayor about the matter, and they are considering their definition of child poverty. They found the very idea of having a target based on relative poverty quite surprising, because you are effectively always running up a down escalator, but I think that it is right to have that target, even if it means that sometimes, as you say, the headlines are difficult. It means that more children can be lifted out of poverty, because it is a tough target to meet. It is the right target to meet, because we believe that poverty is partly about material deprivation, but it is also about the amount of income that you have relative to everybody else.

**Q6 Chairman:** Let us move, then, to the Chief Secretary. Is it not a problem for an incoming government to have such bold aspirations? Are not a Labour Government always going to be criticised, if not crucified, for lagging behind what we said we were going to achieve? You must look at what this will really mean for this country's public expenditure and recoil in horror at the thought of how much money it will take to really achieve the rest of this goal.

**Yvette Cooper:** In fact, the money that we are investing in children's life chances and opportunities for the future, and in support for families on low incomes, has immense returns in those children's opportunities in life later on and in what happens to them not just in the next couple of years but in 10, 20, 30, 40 years to come. That is why I think that this is the right target and the right approach for us to have. Yes, it is challenging—make no mistake about that. We know that if we had done nothing for the past 10 or 11 years and simply uprated the 1997 tax and benefits system, we would have seen 1.7 million more children in poverty as a result. We are having to do a lot to address wider economic or social trends, but it is right that we should do so and that it should be a priority across Government. It is far better to have a challenging target that stretches us

and everyone in the Government who has to work to it than to have a target that we can meet easily and that, as a result, will not make as much difference to as many families and children throughout the country.

**Q7 Chairman:** We talk about raising aspiration. I am not sure that the Secretary of State for Children, Schools and Families totally appreciated the report on *Testing and Assessment*, although he thought that it was thorough. When we start investing in a particular goal in respect of public policy, we see that there is a lot of low-hanging fruit that is easier to do something about. We have some easy, good returns and perhaps some good press releases, but the second and third ways of getting to the more difficult areas of poverty become harder. Will it not just be more and more difficult to get the rest of the children out of poverty?

**Yvette Cooper:** In the document to which Ed referred, we set out the need to start working now on how to reach the 2020 target and to look at different approaches, piloting and ways in which to do things. It cannot simply be about tax credits, hugely important as they are. It must also be about addressing some of the causes of family poverty or people being on low income. That is why we want to go further and help more people into work and also look more widely at some of the pilot programmes that the DCSF and the DWP have been working on particularly, so that we can learn lessons to be able to inform the next decade about progress, too.

**Q8 Chairman:** Thank you for that, Yvette. Stephen, I refer to one of the things running through the DWP report for me as a Member of Parliament for a Yorkshire constituency. I am picking on you because you are the only Minister here who represents a London constituency. We boast that London is now the leading city in the world. Indeed, people said that when I was in New York. Yet, the DWP report says that, in inner London, the problems of child poverty are the very worst. Why is that? In the richest of cities, why do we have the greatest problem?

**Stephen Timms:** It is a very striking contrast. The London Child Poverty Commission drew attention to that in its report a couple of months ago. The number of jobs in London over the past 10 years has gone up by about one sixth, but the employment rate has hardly shifted at all in that period. The employment rate in London as a region is the lowest of all the regions. Bev Hughes and I are working together at the moment on a policy response to what can be done to shift those numbers. It means primarily helping many more people living in London get into the jobs that are being created here. There are barriers and difficulties, but if we look at comparable inner city areas around the United Kingdom, the picture is quite similar. London is not unique in that respect. What is different is the fact that London is a region, and that the scale of the worklessness leads to the figures that you have rightly highlighted.

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**Q9 Chairman:** Lastly, Beverley Hughes, can I ask you a brief question about children's centres and the activity in the country in respect of new initiatives and after schools clubs, in particular? It really stabs you in the heart if you read in a report that certain aspects of provisions seem as though they are only for poor children, so they are being stigmatised. Does it worry you that the kind of provision that we are giving to extend the support to poor families could become stigmatised and defeat the purpose?

**Beverley Hughes:** First, I appreciate the fact that you have seen—as I knew you would—that those broader policy initiatives are very much part of the Government's approach to ending child poverty. That approach includes the nationwide network of children's centres that we will have shortly, every school offering extended activities and, indeed, giving local authorities a clear role in relation to a local commitment to child poverty—many have now taken up that role through local area agreements and so on. In terms of sustaining whatever approaches we introduce, such as fiscal measures and the like, it is critically important that we get in very early. We know that children from poor backgrounds, who may be very bright cognitively, none the less can fall behind children from wealthier backgrounds by the age of 22 months, so it is important that we have strong early years policies. Children's centres and extended schools, by definition, will be universal services. We will have a children's centre in every area by 2010 and there are almost 3,000 already, starting off in the most disadvantaged areas. Now that the level of provision is substantial and has reached a critical mass in both children's centres and extended schools—half of all schools are now extended; half of secondary schools and three quarters of all primary schools—the challenge is to ensure that in the context of a universal service, the most disadvantaged children reap the most benefit from those services. In relation to children's centres that means that the outreach is strong, that we use health visitors to identify families whose children can benefit, and that we make sure that those families are introduced to children's centre services. I visited a children's centre in a disadvantaged part of Liverpool last week and saw there the work that was being done to make that happen. However, there are certain groups, particularly teenage mothers, who do not easily find their way to children's centres—we know that; it is quite daunting if you are a very young woman. That is why we have provided more funding for two extra outreach workers in every centre. We are working with health staff, who are often already accepted by such families and are the first point of contact. Such staff can ensure that those people get into children's centres and that their families benefit from the services.

**Chairman:** I think we have warmed you all up. I am, after all, the warm-up act in this Committee. Let us start drilling down.

**Q10 Mr Heppell:** I noticed that in your introduction, Ed, you talked about joint responsibility, joint ownership, joint endeavour. I must say that many

years ago, in 1981, I had a bad experience with joint working. We set up a sub-committee called joint education, social services and leisure, recognising that the boundaries were blurred between all of those. Although we probably did some good things in our initial enthusiasm, in the end the director and chair of education tried to protect their little empire; the director and chair of social services protected their empire; and leisure services protected their empire. I will not say that the sub-committee was a failure, but the bottom line is that it ceased to exist. What will be different about your joint working? You have a joint responsibility for the delivery agreement PSA 9. What are the mechanisms for negotiating the policies around that area? How do you come to decisions on those and how do you execute those decisions? A few examples of how that has worked would be helpful—one from your Department and one from the Treasury.

**Chairman:** I got a wink from Yvette to say that she wishes to open up on that question. Is that all right with you?

**Ed Balls:** Definitely.

**Chairman:** I hate to come between the two of you.

**Yvette Cooper:** I think that the best example is the way in which we worked in the run up to the Budget. The Child Poverty Unit is in place, which has staff from all three Departments and works on child poverty across the board. In particular, we have the work for the 2010 target and the PSA target, which has a PSA board of officials—every PSA target has a board of officials to monitor progress. That board meets quarterly, includes all three Departments and is chaired by the Treasury. We also have joint responsibility, as you say, for the longer term, for the 2020 target too. So there is a huge amount of close working between the three Departments, both in the Child Poverty Unit itself and in other parts of our Departments that support the Child Poverty Unit and need to work with it. The Budget document that Ed referred to earlier was drawn up very much by the Child Poverty Unit. It was published as part of the Budget documents. Not only were the three Departments so closely involved in drawing up the document but they were involved in the discussion of the analysis behind the position on child poverty and the position for different groups, and drawing up different options too. Therefore, when the Chancellor came to make the final decisions on fiscal and tax measures, which obviously will always be his decisions as part of Budgets and pre-Budget reports, he was informed by the joint analysis and by a series of discussions with other Ministers—DWP and DCSF Ministers—as well as by the kind of official-level work that had gone on.

**Q11 Mr Heppell:** I am just wondering if there is a different viewpoint from the Departments. Is that how you see it operating?

**James Purnell:** That is exactly how it operates. In a way, it would be wrong to pick out any individual examples, because that suggests that this is an occasional thing that happens. Actually, we get joint policy advice and the great virtue of that is that it is



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based on the same analysis of what the evidence shows and what the implications of the policy are, and then we get advice coming up to us. Some of those issues, as Yvette said, will be decisions for the Chancellor; the rest will be decisions for us to take together. So, with the pilots that we announced alongside the Budget, they are being taken forward by the Child Poverty Unit and we will take collective decisions on how to manage them. So it is a seamless process, not just every now and then if there is a crisis or a particularly high-profile initiative; it is all the way through. Regarding anything that impacts on child poverty, the Child Poverty Unit gives us joint advice.

**Q12 Mr Heppell:** May I explore that a bit further? Because there are effectively two Departments and the Treasury in the CPU, is it not the case that the Treasury has almost like two vetoes? You can veto something at the CPU stage or at the Chancellor's stage. Am I reading that wrongly? I mean, if there is a dispute, who would resolve it within the CPU?

**Ed Balls:** I think that, in some ways, it is the other way round. The Treasury is responsible for meeting the 2010 and 2020 targets, but it cannot do that unless it also has the support of the DWP getting single parents into work and our Department supporting child care through children's centres and then the long-term education work. So I think that it is as much the Treasury ensuring that we rise to the challenge in terms of our contribution of policy, rather than the other way round. The other thing that I would say is that in different policy areas, you have different ways of doing joint working, but the one thing that does not work is simply having a committee or a Minister with a title and assuming that that will make a difference. As I said when I came to the Committee last time round, we have a number of different kinds of joint responsibility. So, in the case of youth justice and the Youth Justice Board, every policy decision is now being made and signed off jointly by our Department and the Ministry of Justice on the operation of the youth justice system. That is a very intense form of joint working, probably going further than we have ever gone before. On something like children's health, we are closely working on the strategy, involving our Department and the Department of Health, but a lot of the levers will be pulled by primary care trusts around the country and by hospitals and GPs. In the case of child poverty, it is more a case that the Treasury has some powerful levers through tax credits and the way that the system operates; DWP has some in terms of the way in which the Employment Service operates, and we do in terms of the way that children's services and the education system operate. None of us individually can meet our objective, but if all of us do our part then collectively we can meet the objective. There, what actually matters is whether or not there is a common set of goals; whether or not there is a common set of analysis, and whether or not there are accountability structures within Government, which is what the PSA boards are about, and outside Government,

which is what this Committee is about, to ensure that if any of us are recalcitrant that becomes quickly known, understood and dealt with. However, it is less about joint decisions and more about ensuring that everybody does their bit, because there is not one lever that meets the objective required; there are a number of different policies from different parts of the policy world coming together.

**Q13 Mr Heppell:** The Chief Secretary said that there were representatives in the CPU from the DWP, the DCSF and the Treasury.

**Yvette Cooper:** Yes.

**Q14 Mr Heppell:** Okay. So what is the logic of having the CPU in the DCSF? Why is that not in the Treasury or the DWP? Is it just convenience?

**James Purnell:** It could have been in any of the three. I do not know which of the officials who brief us are originally from the DCSF or the DWP. What Ed says is absolutely right: this happens in many different policy areas. When we did school sports together, we received joint submissions and took joint decisions.

**Q15 Mr Heppell:** If the targets are not met, who should I blame? To whom can I go and say, "You are responsible"? Where do I look, if things are not working? Is there a joint responsibility? I see James nodding.

**Yvette Cooper:** Ultimately, the Government share responsibility for a series of things. PSA targets are set out as part of the Spending Review to ensure results on the key things that the Government have focused on. For example, the Treasury has the lead responsibility for the PSA 2010 target, but the programme and target are shared. Of course, you will hold all of us to account, which is exactly why we are working together. We all need to work together in order to deliver results.

**Ed Balls:** It is different between 2010 and 2020. The former is much closer, and the underlying causes are harder to address in a short period. Raising the proportion of single parents in work in 2020 will be very important. Many of those single parents currently will be aged five and upwards and in school. What will matter is what happens in their primary school teaching and secondary schools. Will they stay on at school? Will they get a skill and an apprenticeship? What kind of family and parental support will they get? What will happen when they become parents and try and balance that with work and family life? What will that mean for what they get from the Employment Service and the way in which the child care element of the tax credits interact? Those things will be decisive in determining the teenage parent employment rate in 2020. Whether we get there will depend on whether we make the rights calls for seven-year-olds as well as on whether the Employment Service is delivering for teenage parents in 10 years. In that sense, it genuinely is about holding us to account for the long-term decisions that we make now.

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**Q16 Mr Heppell:** One last thing—in some respects, this is obvious: if, for instance, you could see that you were not reaching the 2010 target, would the Treasury be willing to release further resources to get you there? I know that that is like asking, “How long is a piece of string?” Would the influence of the two Departments be stronger as a result of the CPU?

**Yvette Cooper:** In the Budget, we found an extra £1 billion to support action on child poverty and a series of measures that have come in. That is a time when the fiscal position is tighter than it has been in previous years and comes on top of the measures in the pre-Budget report and the Budget. Those policy announcements and the previous Budget will allow us to help 500,000 children out of poverty. That is a result of making that extra investment and, in part, of being able to use the additional revenues from alcohol duty. We found revenue there to be put into helping out of poverty families with kids. Obviously, you would not expect us to speculate on future pre-Budget reports and Budgets—that is not the way that we approach tax and fiscal measures. However, the Treasury has demonstrated a very strong commitment to investing money in supporting children growing up on the lowest incomes. Giving evidence to the Treasury Committee, only last week, the Chancellor said that we must not be deterred from our child poverty targets. They are hugely important to us.

**Q17 Chairman:** We are having to revert to first names because it is too complicated. Yvette, I do not want to accuse you of trying to pull the wool over our eyes, but the evidence of the Select Committee on Work and Pensions is that, according to the DWP, it is intended that the CPU “will make more efficient and effective use of the talents and expertise of the staff in the two Departments to take the Government’s child poverty strategy to its next stage of development.” Witnesses to the Committee welcomed the CPU, but some expressed concern about its remit and specifically about the “lack of Treasury involvement.” Come on, that is not quite how you—

**Yvette Cooper:** We have changed the position since that evidence was given, and three Treasury officials are now part of the Child Poverty Unit. They are not co-located in the DCSF, but they attend all the weekly team meetings and are part of the programme of work so that all three Departments can work closely. They were, previously, working very closely with officials in the CPU, but as part of the work that we did in the run-up to the Budget, and given the close working that we had and needed at that time, the Chancellor decided it would be right to have Treasury officials be part of the CPU as well.

**Q18 Chairman:** What about ministerial involvement?

**Yvette Cooper:** Yes, there was ministerial involvement as a result, because, the CPU and the PSA board—a board of officials that meets

quarterly—reports to a tripartite group of Ministers, which includes Ed and James and is chaired by the Chancellor.

**Q19 Chairman:** Was that a result, James, of the Select Committee report? Did it have any influence?

**James Purnell:** Yes; Ed asked Alistair and Alistair agreed—I was at the meeting.

**Q20 Chairman:** It is nice to know that a Select Committee has that influence.

**Ed Balls:** To be honest, from last June, that was how it was at the ministerial level. *De facto*, the CPU was working so closely with Treasury officials that it was the best and most logical way of doing things. That was the conclusion that we all reached, as James said, after a particular meeting with the Chancellor. It had become common practice anyway—she simply made it formal.

**Chairman:** Thanks for that; it has cleared matters up. We are now going to move to the measurement of child poverty, on which Graham will lead.

**Q21 Mr Stuart:** Before we move on, may I ask a question on this issue? Following the Select Committee, the decision was made to have three Treasury officials be part of the CPU, but they are not based with the CPU in the DCSF. Why is that?

**Yvette Cooper:** It is important, given the way in which these issues need to feed into pre-Budget and Budget discussions, that they have close links with other officials who are working on wider tax, benefit and HMRC issues. The issue is not where their desks are, but the way in which they work together. They are commonly and frequently at meetings together and will continue to be so.

**Q22 Mr Stuart:** What do you think made the DWP and DCSF so focused on desks, then? Did they make a mistake? Was it an error to put people together and have a single stream of advice when they could all have sat at separate desks around Whitehall and worked together seamlessly?

**Yvette Cooper:** No; they have been working very well together since the CPU was set up and they continue to work very well together.

**Q23 Mr Stuart:** They might find it easier to work together if they sat in the same unit as equals, if it is genuinely a meeting of the three Departments—is that not fair? It is odd to have officials come in from the outside to attend meetings.

**James Purnell:** There are all sorts of effective ways of working together. As I said, when we did school sport together we had people from different Departments working well together. That works well and is absolutely right. We want those people to be bumping into people in the Treasury corridors, so that they can lobby within that structure as well. I am sure that we can give you a report on exactly where people sit if you like.<sup>2</sup>

<sup>2</sup> See Ev 21

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**Ed Balls:** It is also important to understand the position of the Treasury in this, and I think we do. As Yvette said, these are the Chancellor's decisions to take in Budgets, and there is a degree of confidentiality and secrecy around the Budget process. I think that the Treasury would, understandably, be concerned if officials who are working on very sensitive issues—as they will, as Treasury officials working on child poverty—were frequently having papers brought over or sent to a different Department. The Treasury has a different way of doing things, because of the Budget process, and I think we understand that, but it does not stop people working really closely together. In my experience of doing Budgets for 10 or 11 years, I would say that there was a greater degree of willingness for the Treasury to engage in work on child poverty issues jointly now, because of the Unit and co-location.

**Q24 Chairman:** Beverley, with your particular job, what do you think of this? Is it working as well as you thought it might?

**Beverley Hughes:** I think it has made a very big difference. I worked with the previous Minister for Work and Pensions, as it was then, over the last 12 months without a formal remit on child poverty. Obviously it was an area of great interest to our Department, the ability to bring officials together like this. I think that the momentum that the establishment of the Unit has created and the shared focus have been very substantial. I think it is a big improvement.

**Chairman:** Are you ready to move on, Graham?

**Q25 Mr Stuart:** I am ready to ask my next question, Mr Chairman, if you have finished. Beverley Hughes has just talked about momentum. The Secretary of State has said that we have exceeded our expectations over the progress we could make in the time that we have had. Tremendous. Could I ask the Chief Secretary by how much you can beat the 2010 child poverty target?

**Yvette Cooper:** We have obviously made considerable progress so far. The figures that we have already referred to show that, had we not done anything and simply uprated the tax and benefits system in 1997—

**Mr Stuart:** You have already said that.

**Yvette Cooper:** We would have seen 1.7 million more children in poverty as a result. The measures that we have announced in the Budget take us significantly further, but there is clearly further to go. We know that. We know that we have a very challenging target.

**Q26 Mr Stuart:** How much could you beat the 2010 target by?

**Yvette Cooper:** That is why we have work under way in the Child Poverty Unit at the moment on how we can go further and looking at what more we need to do, in terms of both the 2010 target and of the 2020 target. That is work that we continue to do.

**Q27 Mr Stuart:** Could it be a 55% reduction, or 60%? What do you hope for?

**Yvette Cooper:** We continue to work towards our target. Our target is to halve child poverty by 2010 and to eradicate it by 2020. That is what we are working towards.

**Q28 Mr Stuart:** How much will it cost to meet the 2010 target?

**Yvette Cooper:** We obviously set out measures in the Budget—£950 million, I think—that help us meet that extra half million over the next couple of years. That important additional investment was made possible by the measures set out in the Budget. We are continuing to look at what further measures we can do. We are continuing to look at what further progress we can make. There is work, for example, that the DWP is doing in terms of how we get more lone parents into work. Clearly, the more people that we can get into work, the greater the impact that that has. That obviously makes a very big difference, because, as we all know, your chance of being in poverty drops substantially as soon as parents move into work. That work is underway as well. As I answered John's question earlier, what you would not expect me to do is to speculate about future fiscal measures or future pre-Budget report decisions. What I can say is that there is an immense amount of work under way through the Child Poverty Unit and across the Government on what further progress we can make.

**Q29 Mr Stuart:** But the point of having a publicly declared target of this sort is precisely in order to allow the people, the electorate, to speculate about future decisions of bodies such as the Treasury. It has been announced that—we have five Ministers, and various members of the Cabinet, sitting here today to tell us how—you are all committed to meeting the target. So you have told us to speculate—we can expect child poverty to be halved, on current measures, by 2010. What is the speculation about?

**Yvette Cooper:** Indeed. We have also set out a series of measures that helps us move towards that, and also a series of principles, which guides our future decisions as well. Those continue to be, particularly, supporting people into work, wherever that is possible, and looking at the opportunities for children, but also at what more we need to do to help families who are on low income across the board. We set out the principles that we operate under, and we have also set out a series of measures, which will raise family income over the next two years. It is not simply the measures that have already come in, but also measures that will come in this year and next year, October of next year as well. But what I cannot do is to speculate on future pre-Budget report decisions, and I know that you would not expect me to do so.

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**Q30 Mr Stuart:** So you cannot promise that you are going to meet the target. You are coming here today, formally, to a meeting on child poverty, to say that whether you will meet the target or not is pure speculation.

**Yvette Cooper:** No, we have said that we continue to be strongly committed to our target. In fact, the Chancellor said to the Treasury Committee only last week, “I do not think we can be deflected at all from our objectives in relation to child poverty”. The Chancellor has set out a strong signal in terms of his personal priority. He did that in the Budget, but he has also signalled that priority for the future as well.

**Q31 Mr Stuart:** But that is slightly different from telling us so close to the deadline that you are going to meet it. I shall ask you another question, if I may, Chief Secretary. It is possible to meet the target through expenditure, is it not? A sizeable number of children have been removed from poverty as a result of that Budget. So if the money is spent, the target can be met: is that true?

**Yvette Cooper:** It is clear that that £1 billion will help us increase child benefit and child tax credit and will help in terms of a disregard for child benefit in relation to housing benefit and council tax benefit. Clearly, putting that investment into helping those families will help lift some 500,000 children out of poverty.<sup>3</sup> We are going to be able to deliver those results over the next two years.

**Q32 Mr Stuart:** So it could be done if the money were spent. Are you saying yes or no to my question?

**Yvette Cooper:** We have always said that this is partly about the financial support that we give to families, but it is not just about that. It is also about whether we can help parents into work and whether we can deal with child care issues and access to child care. It is also about whether we can do more in terms of dealing with the long-term problems, including, for example, the fact that parents with low skills may have trouble earning a higher income.

**Mr Stuart:** We are 18 months away from 2010.

**Chairman:** Let the Chief Secretary finish her answer, then you can come in. Yvette, have you finished?

**Yvette Cooper:** Many different things affect our ability to make progress on tackling child poverty. We have demonstrated a strong commitment not simply to talking about the importance of tackling child poverty, but to putting large sums of investment into helping families in the short term and into some of the long-term measures that DCSF and DWP work particularly on that help families into the future.

**Q33 Mr Stuart:** I should like, through you, Chairman, a straightforward answer to my question. As the Minister said, hundreds of thousands of children will be removed from poverty as a result of the measures in the Budget. So it is possible to do so through expenditure, putting aside the long-term

issues about getting people into work, improving educational opportunities and the like, which will be playing a peripheral role between now and meeting the 2010 target, although they may have a much more significant role in the eradication of child poverty by 2020. Could the Chief Secretary just confirm that, if the money is put in place, it is possible to meet the 2010 target? That means a decision by the Treasury, not performance by DWP or DCSF.

**Yvette Cooper:** I disagree with your premise. Part of the reason why we have made progress so far is because we have seen a drop of around 400,000 children living in workless households. That has been hugely important in terms of our being able to make progress and lift families out of poverty. Yes, the amount of financial support we are able to give families through child tax credits and child benefit is also important. That is why we announced significant increases in those things as part of the Budget, but we set up the Child Poverty Unit because, in the end, we cannot address the problem of child poverty in Britain purely through measures to do with financial support; we also have to address some of the root causes of child poverty, which means helping families into work and looking at the next generation of parents, who are currently in school age 11 or 12, and seeing what more we can do to help them raise their skill levels so that they are able to earn more in future. Our commitment to eradicating child poverty is unprecedented, compared with countries right across the world. It is a huge commitment, but we should not underestimate its scale and significance and the need for everybody to be part of working towards that, rather than have one Department or one measure dealing with it.

**Q34 Mr Stuart:** For the purposes of the 2010 target, is the definition of relative low income as 60% of median income before housing costs still justifiable, considering the impact of the credit crunch and the cost of housing in different parts of the country?

**James Purnell:** Yes, because we have a basket of measures. We have the relative poverty measure and the absolute poverty measure. We also have the material deprivation and low income measure. A third of those catch the effect of rising prices. It looks at whether families in the bottom part of the income distribution can afford a range of goods that would typically be seen as standard for people to have. If there were any effect from the credit crunch on those families, it would be picked up by that measure.

**Q35 Mr Stuart:** The TUC estimates that 3.8 million children are living in poverty on the basis of an after-housing measure as opposed to the Government’s 2.8 million figure on before-housing costs measure.

**James Purnell:** That is a Government figure actually—the 3.8 million.

<sup>3</sup> *Note by witness:* It is the past three fiscal events (Budget 07, 08 and PBR 2007) together that will lift around 500,000 children out of poverty

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**Q36 Mr Stuart:** Okay. Without intervention, are the outcomes for the additional 1 million children identified by the TUC likely to be any better than for the acknowledged 2.8 million children in priority?

**James Purnell:** The measures that we take will affect both of those. In fact, both of those figures have fallen by an identical amount—by 600,000. We target both. The reason that we have those three measures is for the very fact that poverty is multidimensional and we want to have a set of measures that capture how a family is doing relative to other families. Clearly, if children at your school are able to go on school trips that your children cannot go on, or if they have certain advantages that your children do not have, or certain things are expected to be standard in your community and you cannot have them, that can be shaming for the children involved, so we have a relative poverty measure for that. We have an absolute poverty measure to see how we have done since we started out on this target, and we have a material deprivation measure because that captures a common-sense idea of what it is to be affected by low income.

**Q37 Mr Stuart:** Critics would say that the Government have announced their targets for eradicating child poverty in a generation—they announced their targets for reducing it by a quarter and then a half—and that in a spirit of self-congratulation they have since applauded themselves for their ambition. Mostly, what has happened is that those children who were statistically just below the line have been lifted up over the line. When the 25% reduction target was missed, the Government were not deterred from their self-congratulation. They look like they are heading towards missing their 50% target while they carry on telling themselves that they have done a great job—for example, through the language you have used today about what a fantastic and brave effort it has been. In fact, the poorest in our society and those who are the hardest to reach—in other words, the people who it is difficult and challenging to make a difference to—are missed. What reassurance can you give us that the most seriously deprived children will see benefits before 2010?

**James Purnell:** The reassurance that I can give you is that that accusation is not true because the measures we have brought in do not just affect people just below the poverty line; they affect everybody. Everybody gets child benefit and everyone who claims it gets child tax credit. The vast majority of that is claimed. It is not a choice between people just below the poverty line and people in the deepest poverty; it is a question of tackling both. Measures such as our changes to tax credits have lifted all of those people further up. You then need to have a set of targeted interventions for the people who face the biggest barriers. That is where, for example, the family intervention project comes in, which we might talk about later if you ask us about it. That is also where the social exclusion strategy and the reforms to the welfare state come in. Those

reforms will tackle the problems faced by people who have the biggest barriers to work. You need to do both. It is said that having a measure at 60% for median income means that you ignore people at the bottom; actually it does not mean that at all because the measures we have brought in have lifted all of those people. The final thing I will say on your point about the target is that I would much rather have a tough target and be committed to a target, as that is an important part of the test of whether people are serious about the issue. I would rather have a tough target that lifts more children out of poverty because it is such a challenge to achieve, than have something that is easy to achieve and helps fewer children.

**Q38 Mr Stuart:** But it is also important that the Government are held to account. If they say they will meet a target, there should be brickbats for making that promise, announcing it, basking in the glow of positive publicity for such a positive act, and then failing to deliver. It is important that the Government do not just wriggle and roll on the punch and suggest that they should not be given any grief. I do not want to cause a division around any table—Cabinet or otherwise—but my key question relates to this. The Secretary of State for Children, Schools and Families indicated to us previously that—I hope that this is fair—for 2010 it would be on other Departments, and we understood that to mean the Treasury, notwithstanding the importance of educational opportunity and getting people into work. Fundamentally, to meet 2010 would be about the Treasury. Will the Secretary of State comment on that?

**Ed Balls:** Both comments were made in January, and they were made in the context that, as I said at the beginning, there was a small rise in child poverty in the most recent figures, which disappointed us. I said then, and we have all said since, as has the Chancellor, that it is important to redouble our efforts. What happened was that the Budget included a package of measures, a small but important amount of which—around £125 million—will help in the long-term; £1 billion was for action through tax credits and child benefit particularly, which will have an immediate impact. I said in January that in the short-term those measures would have the quickest impact, and the Chancellor delivered with a £1 billion package. It turned out that my prediction in January was correct. We have been careful not to be self-congratulatory. The fact is that in 2004 we did not meet the target—we just missed it—and I remember that in our earlier discussion I said that if you set ambitious targets and get as close as possible and try really hard, you can either throw your hands up in the air and say that it was all a betrayal, or you can redouble your efforts because it is really important to get there. We have had the fastest fall in child poverty of any European country since 1997,<sup>4</sup> which is a source of pride, and a good thing. We started from the highest level of child

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<sup>4</sup> *Note by witness:* For the years where we have comparable data between 1997 and 2001

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poverty in any European country in 1997 following a doubling of child poverty, which was a matter of shame. That is the difference.

**Q39 Fiona Mactaggart:** Secretary of State, you referred to the fact that between 1979 and 1997, child poverty probably trebled for Britain to reach the top of the European league. What do you think about the fact that we have overtaken only three countries in that league, despite all the effort that we have heard about? That connects to James's point about running up down escalators but, nevertheless, we are still not even in the middle of the child poverty league.

**Ed Balls:** That spurs us on, but also reflects the scale of the challenge that we started to face. The fall has been the largest in any European country,<sup>5</sup> so we have been able to do more than anyone else. If you start with a big challenge, it takes time. I have the same issue in education, because 638 schools have below 30% GCSEs, including English and maths, which is below the acceptable standard, and we are addressing that tomorrow. In 1997 it was 1,600 schools—more than half of all secondary schools. Do you look at that and say, “638 is not good enough”—I do—or do you say that reducing that number by 1,000 since 1997 is real achievement? I think it is. We have further to go because we started with very substantial problems in our education system that had to be fixed. The same is true in work, support for work, margin incentives, and support for families. That takes time, and it is hugely expensive and very long-term, but we are going in the right direction and it is important that we are not thrown off course as a country.

**James Purnell:** Perhaps I could add that the fact that we have been one of the most successful economies in that group has also made it harder because the target is relative to median incomes, and if the economy is doing well, the down escalator is going even faster. The fact that our economy has done well has made the challenge even greater, and that is combined with the fact that, as Ed says, there was a long way to go at the beginning.

**Q40 Fiona Mactaggart:** If it were just our economy doing well and not hugely unequal incomes following our economy doing well, it would not necessarily have the same effect, would it?

**Ed Balls:** These are median incomes.

**Yvette Cooper:** We have deliberately chosen a relative poverty target, which is important. This is effectively about unfair inequalities that can face young children as they are growing up and in their chances in life. The poorest families have ended up being £4,000 a year better off as a result of our changes to the tax and benefits system and so on. That is hugely important, but we have also had growth in the economy as a whole and all sorts of changes, and we know that there is an increasing return to skills. As part of a global economy and technological change, people with higher skills will

do better. People who have no skills at all are at risk of falling further behind. That is why this is partly a long-term way to address the skills gap that exists for many parents as well as a consideration of what more we can do in the short-term. The fact that we face such wider social and economic challenges in how the economy works and in the importance of skills does not mean that we should not try. It actually means that we should try harder. That is how we have been trying to respond over the past few years.

**Q41 Fiona Mactaggart:** I am very interested in what works at different levels. The evidence that you have given us shows that there are a number of strands, including those people in the most serious poverty. One thing that there is pretty compelling research about is the happiness of children and adults in the most deprived families. It suggests that actually, there is not a direct correlation between happiness and deprivation, except in that very bottom group, where there is a profound and substantial correlation just because people have so little money that the situation is most serious. It seems to me that despite the progress that we have made, one reason why Britain is not scoring better on child happiness and so on in the United Nations measures is the group of children who are still substantially deprived. What are we going to do about them? I can see that the DCSF outdoor play strategy is designed to connect to the basket of measures about access to outdoor play, but what other things are we doing to ensure that those very, very deprived children are happier and get chances of success?

**Ed Balls:** May I take you down that road by referring to the pilots that we announced at the time of the Budget? For example, one thing that we are looking at is a child development grant, which would be extra support for mothers on the lowest incomes with children aged, say, two, if they are coming to children's centres, and if their children are getting their vaccinations—if they are doing the kind of things that we are trying to encourage more mothers to do with their children. There is a direct route through the child development grant to try to match resources to that kind of activity, which can often be good at laying the foundations for children to be successful in later life. The work that we are doing on the child health strategy is about trying to ensure that we identify early children with health or, particularly, mental health issues and address them. I would say that our Department in general is about trying to spot the likely causes of unhappiness, of getting involved in crime or of leaving school, and trying to adjust them at a much earlier stage. That is where the leadership that Bev provides is important, because it often means intervening in the earliest years, before children have even started in the schooling system.

**Beverley Hughes:** On your general proposition, Fiona, which is tremendously important, although there is obviously no perfect correlation between happiness and the indicators of children's well-being and low income, there are none the less some very

<sup>5</sup> *Note by witness:* Over the period for which we have comparable data

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strong, more general correlations. Children in persistently low-income households are shown to be in much poorer health and they are more likely to be obese. Children in workless households report feeling much greater stigma, and they feel a positive benefit of parents—interestingly, particularly mothers—going into work. That relates particularly to when lone mothers go into work but also to couple families. Therefore, there is some important evidence that the well-being of those children in the poorest families is actually related to income and can be lifted if parents get into work, not just because of the higher income and benefits to quality of life but because of psychological well-being and the reduction in feelings of stigma. Many mothers in work entry schemes in children’s centres speak to me in an emotional way—it makes me feel very humble—about how, when they get work, it impacts on the whole family, particularly on their aspirations for their children and their children’s aspirations for themselves.

**James Purnell:** I was going to make the same point. It underlines the reason why welfare reform is so important. If we break that cycle of inter-generational worklessness, not only do families have more money, but their self-esteem goes up and the life chances of the children are transformed as well. We have 1 million fewer people on out-of-work benefits compared with 10 years ago. The more that we can do on that, the more that we can help to deliver the agenda. I am talking about not just the agenda for 2020 but for 2010 as well. We think that our reforms of lone parent conditionality will lift 70,000 children out of poverty. Welfare reforms can make a big contribution towards those goals.

**Q42 Fiona Mactaggart:** Yet we know that social mobility for this generation is slower than for previous generations. Why is that?

**James Purnell:** We do not know that yet. You will have to wait 20 years to find out what happened to the children.

**Fiona Mactaggart:** Okay. I am saying the 1980s compared with the 1970s.

**James Purnell:** Given what we were talking about with regard to child poverty over that period, it is not surprising that social mobility for that generation—they are now in their 30s—was slower. That is why we believe in this so passionately. If you want people to have fair life chances, that will not happen if they are poor when they are growing up. It is not just about poverty, but about education, health and the whole range of things that we have been discussing. A *sine qua non* of it is ending child poverty to give people fair life chances.

**Q43 Fiona Mactaggart:** Knowing that is one of the key things that I find difficult and frustrating. I can tell that there is a degree of commitment. This is not just an aspiration but a target that you are keen to be accountable for. Knowing what is happening, however, is sometimes confusing because of the way in which changes are reported. We had the ritual at the beginning when you said, “We cannot tell you

the present figures”. That is ONS rules, and we recognise that having an independent statistical service means that you have to tolerate those rules. In the *Opportunity for All* strategy report, which is published by your Department, there used to be a pretty good way of seeing how these different changes mesh together. You could see the difference in the income for those on the lowest level, and what the progress was on the whole target and so on. It seems to me that this is a really important piece of information for holding people to account. Unless you get, in a single place, a pretty accurate report on progress, we will not be able to do the job that we are trying to do today of holding the different Departments to account for the different things that need to be done. For example, there are households in poverty because of no work, and there are households in poverty because of low public sector pay. Arguably, a different tactic, or policy delivery, is needed to try to change the circumstances for their children.

**James Purnell:** In effect, two parts of that document have been separated. We now have a joint policy statement and approach that is set up in the *Ending Child Poverty* document. We published all the data in the *Opportunity for All* report. Everybody can still access that data, as they will tomorrow.<sup>6</sup> I do not think that people will find it hard to find those figures. If you want to recommend that we go back to that, we will consider it. When I questioned my officials they said that the document had run out of steam. They were under the impression that people had stopped taking an interest in it and had abandoned it. We did not have an ideological reason for doing that and we would be very happy to reconsider the matter. It is better to have a document that has the joint strategy of our three Departments rather than, as a matter of ritual, present our *Opportunity for All* document, in which we have to reiterate what our policy is.

**Q44 Fiona Mactaggart:** I agree. I thought that the document that was published in October was good and that it accounted very well. The point is that we need to have progress reports. It is the same with children. We can have a document that says, “Right, this is the level that we expect children to achieve at Key Stage 2”, but we then need to know whether the children are achieving it, in what parts of the country they are not and what we are doing about it. We need a pretty comprehensive report to make a difference to such things. If you are running up or down an escalator, you really need the best information possible in as real time as possible to know when things have made a difference. Graham suggested that you may have just picked the low-hanging fruit. You refuted that suggestion, but we need to know the number of different bits that are making a difference.

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<sup>6</sup> *Note by witness:* The Secretary of State for Work and Pensions was referring here to the new Households Below Average Income (HBAI) data, published on 10 June 2008. *Opportunity for All* indicators are published year round on the Department for Work and Pensions website.

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**James Purnell:** If we write to the Head of the Office for National Statistics and ask what would be appropriate, given the new regime, we can send you a copy of the letter that we receive, and you can make a recommendation based on that and we shall consider it favourably.<sup>7</sup>

**Fiona Mactaggart:** Thank you.

**Q45 Chairman:** Some of you will know that we have had brushes with Departments in the past about changing the statistics in annual reports that make it impossible to get a linear analysis.

**Ed Balls:** The pre-Budget report provides an opportunity for that. We have also made a commitment to the Committee to produce a report on the Children's Plan one year on, before the end of the year, which will set out our progress on all our joint objectives. It is another opportunity for the moment. We cannot make the assessment, as you rightly say, without the most public and comprehensive analysis of the evidence. Perhaps we should think about the pre-Budget report, our joint work through the Child Poverty Unit to update and publish information, and our Children's Plan one year on document, and think about how we shall sequence them in the autumn. The autumn is the right time to come back to such matters.

**Q46 Fiona Mactaggart:** Do you think that you would work as hard at the issue if it were an aspiration rather than a target?

**Ed Balls:** No. We would, but a target is quite a different thing. It is something that we would not say in an airy-fairy way that we would like to achieve at some unspecified time, measured in an unspecified way and delivered by unspecified mechanisms and charities. We would say that it is something that we shall do. We would define it, measure it, set a timetable, and we would be held to account for it.

**Q47 Chairman:** We want to move on, but I shall come to the Chief Secretary, and perhaps Beverley will come in. You have been describing help for families in poverty—whether in-work poverty or not in work. Do you think that there is a feeling out there—it is certainly the feeling that I get when I visit schools—that there is a tax credit fatigue and a yearning for people just to be able to earn a wage that does the job? Do you not think that there is tax credit fatigue? Beverley said that people have greater self esteem if they are in work. Is there an intermediary stage at which it is nice to have a job, even if you are in work because you have been helped by tax credits? Is it not even better to earn a salary that frees you from all that?

**Yvette Cooper:** As you know, we introduced the minimum wage, and that is important. To operate without a minimum wage could cause all kinds of problems. We need it for underpinning purposes. Equally, families face additional costs when they have children. Children bring additional expenses with them. It is right that, as a community and as a

whole, we should support that. That is why the principle of child benefit was introduced many years ago. The child tax credit really builds on that principle, but it does so in a way that helps us to target child poverty. It is the principle of progressive universalism where we do a lot to support all children, but it is particularly for those families on the lowest support. Yes, you need the minimum wage. Yes, you need to help people earn more by improving their skills and help them gain skills to get better-paid jobs and to stay in work. Some of what we have been looking at in the pilots is about how to keep people in work, so that they do not just get a job for a little bit and end up losing it. That can cause all kinds of problems. We must also recognise the cost of buying extra clothes for the kids or all those costs that come with a family with young children.

**Q48 Chairman:** But do you not sometimes get a little tired, Chief Secretary, of a global company operating in your constituency that pays about £13,000 a year? It gets £1,000 a year if it takes on an apprentice. All the subsidies seem to be going to the employer rather than the employee. It is a pity that some major companies do not pay a living wage.

**Yvette Cooper:** You sound like you have a particular company in mind in your constituency.

**Chairman:** I might have, but we will pass on from that. It is an irritation about wanting a fair wage for people.

**Ed Balls:** It is important to look at what the minimum wage and tax credits together provide for somebody in work. Adding those two things together for someone who is in work ends up with an effective minimum wage for a couple of well over £7 an hour, but over £12 an hour for a single parent. That could never be achieved by the minimum wage alone, but the minimum wage and tax credits together are an incredibly powerful way of boosting in-work earnings—the effect of the minimum wage is much higher.

**Chairman:** That is interesting. You have just put that more succinctly than I have heard it put for a very long time. We will move on. Paul will lead us into the work first approach to child poverty.

**Q49 Paul Holmes:** This is following on from where we have just left off. If the core of the strategy for tackling poverty is work first, how do we deal with the problem that in a lot of cases it is not working? A total of 50% of children in poverty have a parent who works at least part time, and 21% of children in poverty have a parent who works full time. In a two-parent, two-child family with one parent working on the minimum wage, they could work 50 hours and still be £67 below the poverty level. Does work first actually work?

**Chairman:** Stephen Timms. It is about time we got you in against him.

**Stephen Timms:** I think the answer is that it does. The risk of poverty for children in workless families is almost 60%. It is 14% where one or both parents are in work. One parent being in work makes a very big, positive difference to the risk of poverty. You

<sup>7</sup> See Ev 21



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are right, there is still an issue about child poverty in families where a parent is in work, but there is a big, positive break in people's circumstances when a parent goes into work. That is why it is so important that we have made such a lot of headway in helping lone parents into work over the past 10 years.

**Q50 Paul Holmes:** Is there a danger that in the enthusiasm for that, there could be examples where it becomes counter-productive? There is a better off in work credit which is totally misnamed. As the Work and Pensions Committee pointed out, it is a deception to tell people that they are better off in work if that is not the case, or if a person would be worse off once a time-limited benefit runs out. The better off in work credit does not allow for the fact that you might lose free school meals, transport benefits and so forth.

**Stephen Timms:** The better off in work credit is not a deception. It has the great virtue of being a straightforward calculation. It allows people to make very personal assessments about other issues such as free school meals and other impacts on their income. I would caution against trying to do too much in the better off in work calculation—it is better to have a straightforward assessment and allow people to make their own adjustments based on their own circumstances, in a way that a job centre personal adviser might find it difficult to do.

**Q51 Paul Holmes:** But how far can they make those judgments? People look at what transport costs they will have and what benefits they might lose, but do they really have a choice? As the Work and Pensions Committee argued in its report, the way that jobseekers allowance and the sanctions that enforce it work means that people can be pushed in. People can be required to take jobs that leave them worse off, and therefore it might not be many months before they drop out of work again.

**Stephen Timms:** There are a number of points there. First, the evidence is clear that—not only financially, but as we have discussed also in other respects—families and children are better off when there is a parent or parents in work. There is a significant impact on child well-being from a parent being in work. The gains from work are certainly financial but not purely so. On the better off in work credit, one of the concerns I hear is that people would like those calculations to be more widely available. The feedback I receive is that people find them valuable, and we want to extend their availability for that reason.

**Q52 Paul Holmes:** It would obviously be valuable to have such clear calculations available, but if the individual says that as a result of doing something they would be worse off, they do not have a choice. They are forced into work through the threat of sanctions anyway.

**Stephen Timms:** I have made the point about the impact on well-being from being in work, which is a very important one. However, one of our aims, of course, and you touched on this a moment ago, is

that employment will increasingly be sustainable, so that once people are in work they will be able to have access to training and they will be able to develop in their work, so that they can progress and their income will rise accordingly. So, one of the very important things that we are working on at the moment is the integration of skills support with employment support, so that when people are getting employment help and help to get into a job they will be able to get pointers towards appropriate training as well, in order that employment will increasingly be sustained employment, leading to people being able to progress. In that way, they can raise their income as well.

**Q53 Paul Holmes:** None the less, the Work and Pensions Committee raised the problem of churn fairly recently. In the last Parliament when I was shadowing DWP, we had this argument constantly. That is the problem of people being forced into jobs: they are worse off and they drop out of the job later, or the job is fairly short-term. You have said that there is a well-being factor from being in work, but if it is unsustainable work that loses you money and you drop out of it after three, four or six months, the effect will be quite the opposite. There will not be a well-being effect on the child; it will have quite a detrimental effect, especially given the fact that, once people drop out of work, getting the benefits to catch back up in that situation can involve quite a lengthy delay.

**Stephen Timms:** That is one of the reasons why this new focus on skills and the work, which we are doing with John Denham's Department, is so important—it will effectively address the problem of churn that you describe. It is important to note that, quite often, people go through a series of jobs before they find a job that they are happy in, comfortable in and can progress in. So, the fact that people go through a series of jobs need not necessarily be a bad thing in itself. However, if that is an indefinite state of affairs, I agree that it is a bad thing and there is evidence that that situation can be quite damaging for the children in the family too. Nevertheless, as we are increasingly able to focus on helping people to develop their skills, we will see them being able to stay in jobs longer and progressing in them too.

**Q54 Paul Holmes:** This is the last question from me. Developing skills has to be a fairly long-term thing; it does not help someone this year who is unskilled and who goes into a job where they are effectively getting a cut in their income, because of loss of benefits, and then they are out of work six months later. The fact that they might get better skills in five years' time, or three years' time, is not going to solve that problem.

**Stephen Timms:** No, but skills training can happen very quickly. Indeed, there is a lot of work going on at the moment in pre-employment training. We are helping people before they reach their work in the first place. There is a long-term Government commitment to invest in skills. We have announced just how much increased investment there will be in

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skills training over the next few years and pre-employment training is one of the areas in which that increased investment is going to prove very valuable.

**Q55 Lynda Waltho:** I would like to look at the area of women and work. Low pay is a particular problem and we know that the majority of lone parents are women. Indeed, today's Children's Commissioners report says in paragraph 120, on health and welfare, that Government's strategy to end child poverty is not sufficiently targeted at groups of children at greatest risk in particular. Then there is a whole list, within which there are lone-parent families, children with disabilities and children with disabled parents. That is a carers issue, which I would like to move on to afterwards, perhaps with James. So, if Level 3 or better qualifications are really what we need to get these women aiming at, how can the Government facilitate access to that level of qualification and education?

**James Purnell:** I would argue that we are taking a segmented approach, and indeed that is exactly what the *Ending child poverty: everybody's business* document does. It goes through that segmentation, asking what are the particular barriers that people face. We recognise the fundamental point that the Commissioners are making, which is that there will be different barriers faced by someone who has a disability from those faced by someone who is a lone parent, and from those faced by someone who has both those to overcome. I would say that we are taking a rather specific approach to lone parents. We have just announced that we will roll-out the in-work credit for lone parents, which will mean that they are £40 a week better off—£60 if they are in London. As Stephen was saying, we have also announced that there will be pre-work training, job trials to help people into work and, importantly, that they will have an adviser after they have got back into work so that they have someone to talk to if they have any concerns. There will also be a discretionary fund that they can use with their adviser if, for example, there is a problem with their child care—up to £300 to help with any specific issues. In the medium-term, we are looking at the employment retention and advancement pilots that we are currently undertaking. They are significant pilots of some of the approaches that we have already rolled out and other things that we will look at in due course, along with reforming lone parent benefits and moving parents of children over seven on to jobseeker's allowance as a way of reducing child poverty by 70,000, as I was saying. We have a specific approach for lone parents, as we have towards disabled children, where we are trying to increase benefits uptake and looking at the barriers to work that disabled parents also face. We will look at that in the welfare reform programme. Thanks to the document and the work of the CPU, we have adopted exactly that segmented analysis and approach.

**Q56 Lynda Waltho:** I would like to extend that to carers. This is slightly unfair, because I wrote you a letter today, James—obviously, you will not have seen it—asking you about the carer's allowance and the review, on which we are hoping for a response quite soon. Generally, it is felt that the carer's allowance can act as a barrier to work. At £50 or £55 a week, it is very low. However, to get it, a carer must work at least 35 hours a week in care, which is about £1.44 an hour. Of course, many carers do not get financial support because they want to work, so they are limited in the number of hours that they can do. In terms of what we can do for carers, the allowance is definitely a barrier to work. When can you respond to that? Have you formed any ideas?

**James Purnell:** I think that we are doing that this week. I shall look out for your letter. However, to put that in context, it is worth saying that the poorer families will get income support and the carer's premium on top of that. I can put in writing to you exactly how much that is, but I think it is about £80.<sup>8</sup> The poorest carers get that much, and then the carer's allowance is for people higher up the income scale.

**Q57 Lynda Waltho:** Do you really believe that the "work first" approach to parents of disabled children is the right one? I am concerned that it is not.

**James Purnell:** Where children are on the higher or middle rate of DLA, we will not apply that JSA regime. The whole point of the change to lone parent benefits is to say that where parents can find reasonable work, child care fitting around their children's needs and school hours and all those things, we think it appropriate to give people an extra incentive to work. However, we want to introduce it flexibly so that if, for example, a child is excluded from school, the conditionality will not be applied. Furthermore, if a child is disabled in that way, the conditionality will not be applied. Sometimes, people talk as if that is a great departure for Jobcentre Plus, but it is exactly what we do now for people with mental health issues. It is much better to have a regime that moves lone parents towards work more quickly, but does so sensitively, rather than saying, as the system does at the moment, that a lone parent has to wait until their youngest child is 16 before they have to engage with the conditionality regime. I think that that balance is too far in the other direction. Moving towards seven strikes the right balance.

**Q58 Lynda Waltho:** Are you confident that the system can be sufficiently sensitive? Disabled children have far greater needs, and it is obviously much more difficult to accommodate them. Can the system be sensitive?

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<sup>8</sup> See Ev 21

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**James Purnell:** I think we would take those children out of that system, so we would not apply the conditionality regime to lone parents where there was a disabled child on the higher or middle-rated DLA.

**Ed Balls:** It is important to say that when you talk to disabled children's families, they say that they face major barriers to work—more complex barriers than those for other families—but often they are undeterred from wanting to pursue the work route. One of the things that we are doing in both the provision of child care and the operation of child tax credits is to try to see what more we can do to remove barriers for families with disabled children. They have a great desire to work if they can, so long as we have a degree of flexibility and extra support.

**Q59 Annette Brooke:** I would like to start with some benefits questions, but I am heading towards child care. I shall put two different benefits questions together, if I may, James. First, on the child care element of the working tax credit, the Select Committee report commented on its complexity and I have had reports that parents find the forms difficult to deal with. Given the problem of affordable, good quality child care provision, that particular benefit is of great importance. Are there any moves to simplify it and make it easier? The second benefit issue is something that came up in the work of the commission chaired by Tom Clarke, when it examined benefits for families with disabled children. Parents made the point that the forms for Disability Living Allowance were very complex and the commission took away the view that the complexities should be looked at. My question is, can you simplify the forms and the processes so that people in the position that we are talking about can access the benefits to which they are entitled?

**James Purnell:** I shall answer the second question first. We are happy to look at the DLA form. We keep all of our forms and their simplicity under permanent review. The difficulty is that the DLA is trying to cope with a huge range of different types of circumstances—children, adults. A number of people over pension age claim DLA, as well as it being about all types of impairment and disability. Necessarily, if you are going to have one benefit with one form that will cover everything from autism to severe mobility problems, that form will be long. If there are specific issues that the Committee would like us to look at, we can certainly do so. Your basic point is absolutely right, but there is inevitably a trade-off between a form that is comprehensive and therefore lengthy, or something that is much more simple and short, but which would not cover as many different types of impairment.

**Q60 Annette Brooke:** Perhaps I can just refer you to the recommendation from Tom Clarke's commission.

**Yvette Cooper:** I should like to draw your attention to a document that we published recently on further reforms to the tax credit system. In particular, there is a whole chapter on reforming delivery of child care

support through tax credits, which is all about different options for simplifying the process and so on. Therefore, any views that the Committee had on that would obviously be welcomed. Jane Kennedy has been leading the work in the Treasury on that issue, but I know that Beverley has been involved in those discussions also.

**Beverley Hughes:** I was going to mention the consultation that the Treasury has put out. The other thing to say is that of the £950 million that was announced in the Budget, £125 million was specifically for a range of different pilots, to try to deal with what many members of the Committee have been talking about today, which is how we get to the harder to reach. One of those pilots is testing different ways in which HMRC advisers can offer good quality advice within children's centres, to try to simplify people's applications. That is also a project for HMRC advisers themselves because we feel that directly engaging with parents in children's centres—sitting down with them, looking at the factors for particular families and the things that parents find complex—will inform our considerations of how best to simplify the process.

**Q61 Annette Brooke:** I shall move on. Under the Childcare Act 2006, which we both know well, April 2008 was the date when local authorities had to show that they were offering a level of child care suitable to the local area's needs. I do not know whether there has been any evaluation of how much has been achieved, but if there has been I should like to ask about the provision of extended schools and holiday provision.

**Beverley Hughes:** As you will remember, Annette, under the 2006 Act local authorities were given a duty to ensure that there was sufficient, and sufficiently flexible, child care for working parents and parents of disabled children. Actually, that duty started in April 2008 and, in the lead-up to that, local authorities were required to undertake their first assessment and to write that down, having looked in detail at the demand from parents—not just the demand in quantum, but the demand in terms of flexibility and affordability as well. Then they had to look at their supply and produce an assessment of how far, locally, there was a match between what parents wanted and needed and what was available and use that assessment to stimulate the local market in one way or another to better meet the needs of parents. The local authorities have just finished their sufficiency assessments. An organisation has independently been looking at the quality of those assessments, some of which are good and some of which are not so good. We will use that experience to give further guidance to local authorities about how to improve that process. In a sense, they are just in the starting blocks now, having undertaken those assessments, and will go on to use that information to inform what they do, in terms of the levers we have given them, to start ensuring that what parents want is provided. In many areas, it is not so much that there is not enough child care, but that it is not flexible enough. That is why we have pilots on the

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entitlement in respect of three and four-year-olds, for example, to see how mainstream reception classes, as well as private sector providers, can be much more flexible. That is the main lead now, together with the issue of affordability in some parts of the country.

**Q62 Annette Brooke:** I do not know if it was the same research, but an article in *The Times* reported on Government-commissioned research by the National Centre for Social Research. I shall be careful, because I am not assuming that what I read in the article in *The Times* is true until the Chief Secretary says so. That article said: “In terms of older children, only 17% of parents are using the much-vaunted after-school clubs. This figure has not changed since 2004, despite” all the hype about “the ‘extended school’ initiative”. Is that factual?

**Beverley Hughes:** That was not our research.<sup>9</sup> I found that figure strange, to be honest, because, looking at the statistics, there has been an amazing growth in the number of holiday clubs, particularly, over the past few years. As I said earlier, about half the secondary schools and many primary schools are now offering extended activities, including child care. However, many parents are feeling a gap in respect of secondary-age children in the 11 to 14 age range. In terms of the extended school offer, primary schools have cemented child care as part of the range of things they are offering as extended activities. Secondary schools do that less so. Initially, that was so because parents, in their responses to school questionnaires, did not indicate that that was an issue in respect of secondary schools, but actually that is emerging. We are doing some work with schools in London to ensure that we provide what parents need in terms of child care in secondary school, including an assurance that, if their child attends an after-school club, there is a proper register and security and that it is not a loose arrangement just because children are a bit older. We are working to ensure that we can give proper guidance to secondary schools about how to ensure that those extra-curricular activities after school are organised in such a way that parents can be sure that their children are attending, are safe and are being cared for while they are at work.

**Chairman:** I just remind everyone that we are getting to the stage where quicker questions and answers would be helpful. We have one important section after your section, Annette.

**Q63 Annette Brooke:** I will ask the Minister quickly. We have not really spoken about rural poverty today. Obviously it is important. The provision of extended schools, with the problem of transport, is particularly difficult in rural areas. Are you giving any special attention to rural areas?

**Beverley Hughes:** Yes.

**Chairman:** That was very brief.

**Beverley Hughes:** I will go into greater length if you wish me to.

**Q64 Annette Brooke:** Actually, I would not mind a little more detail—I represent a rural area, with some of these problems. It is hearsay rather than evidence, but in deprived areas it has been said to me that, where a payment is charged by the school for extended schools—I know that some element of the child care tax element comes into this—very many of the extended schools are failing, or falling, simply because they are not sustainable, because of the low levels of income in that area. That starts a downward spiral, in terms of keeping it going. Is that so? I would like a little more than yes or no.

**Beverley Hughes:** Two quick points. First, there are a number of schools—we are clear about this—that need a bit more help. We are trying to make sure that they get it, in terms of how they can manage their total budgets in ways that enable them to make the kind of cross-subsidies, if you like, that would help children from disadvantaged families to take part in extended activities. Some schools are doing that very well. Secondly, we did include in the Children’s Plan a provision—I cannot remember how much it was—certainly to enable 50,000 children from disadvantaged backgrounds to take part in extended activities by directing those extra resources to schools in those areas, so that they would have extra funding and could provide extended activities for those children free of charge. So, we are doing both of those things—helping schools to use their budgets better, but also some direct funding, specifically for the purpose that you outlined, to enable disadvantaged children to take part in activities free.

**Q65 Annette Brooke:** I have recently asked a parliamentary question about extended school provision. The answer was that the information was not collected centrally. Surely it is very difficult to monitor what is happening if there is not some collection of information.

**Beverley Hughes:** It is not true to say that we have no information. We have the Training and Development Agency, which is, if you like, our field force, out there, working directly with local authorities and schools, making sure that when an authority tells us that a school is fully extended, for instance, that it is, and that the range of activities meets the core offer. It is working directly with schools to support them in delivering the extended activities. But it would be too onerous to ask schools to provide us with a whole range of statistics as to what they are providing and how many children are taking it up. We are trying to strike a balance. I certainly am very clear that I need to know enough that when I say to you that half of all secondary schools are offering the full extended offer that that is right. I can tell you that I am really prodding the system to make sure that I can do that through the

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<sup>9</sup> *Note by witness:* Whilst the research was not carried out by the Department for Children, Schools and Families (DCSF), this article was referring to research commissioned by the DCSF.

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TDA. But to go beyond that would be very difficult, in terms of asking schools to provide a large amount of numbers.

**Q66 Lynda Waltho:** What work is the Treasury doing with the DCSF to improve both the quality of the child care work force and the conditions of that work force?

**Beverley Hughes:** On quality, I think that we have got a pleasing, improving story to tell. Ofsted rated 96% of child care as good or outstanding in 2007, and 98% of early education provision as at least satisfactory. Both of those figures are going up. But you are quite right that the quality is crucial. To get the benefits, particularly for disadvantaged children, what happens day to day between the staff in the settings and the children is the critical factor. So, the training or up-skilling of the work force is crucial, as is the Early Years Foundation Stage, because that will give parents the assurance that in every single setting, there is a common framework that staff have to work to. The Children's Workforce Development Council is working with us to take forward progressive training for staff both in terms of the extent to which we can put graduates in settings—there has been a marked improvement there—and in moving people from Level 2 to a minimum standard of Level 3 over a period of time.

**Q67 Chairman:** But do you agree, Yvette, that child care settings should be run by people who are well-paid and well-qualified?

**Yvette Cooper:** Obviously, the quality of staff is critical. Our role is to provide the DCSF with a significant and substantial CSR settlement, as we did last year, and it has to ensure that the money is well spent and delivers the quality that our children need.

**Ed Balls:** I think it was the next CSR round that was referred to, and we will be preparing the evidence well.

**Q68 Paul Holmes:** On the issue that we discussed a few moments ago, it is a little alarming if one of the main planks is children's centres and after-school clubs. It seems, anecdotally at least, that they are struggling financially, because they are set up in the poorest areas where parents cannot afford to pay. About a year and a half ago, I visited a brilliant after-school club at a junior school on a very poor estate in Chesterfield, but it closed a year later because the charity that was running it could not keep it going any longer. I understand, anecdotally, that all the children's centres in Chesterfield, where we have many poor areas, are struggling wherever parents are needed to pay into them. The County Council will not talk to me about that; are you telling me that I cannot get an answer from you either?

**Beverley Hughes:** The situation varies, but I do not accept the general premise that children's centres are struggling financially. There has been a massive injection of funding, which we have committed to sustaining because we care about it. We feel that the priority on early years—children under five—is absolutely paramount for the agenda that the

Committee is discussing today. That is why we started it and why we will continue it. We are giving local authorities significant amounts of money that increasingly are not ring-fenced. Generally speaking—I have spoken to one or two MPs about this—there might be specific areas in which the level of disadvantage in communities, and the number of such communities, is such that they are experiencing some of those issues, but that is not general. We need both local authorities and, as I said earlier to Annette, schools themselves to be much better at using those pots of money. They need to bring them together and make sure that they can address the need across their areas, not in a one-size-fits-all way but by using their money flexibly. They want that flexibility and the Government are giving it to them; it is up to them to be creative in how they use it. It is up to them to address and target their resources, as far as they think appropriate, at the areas of greatest need.

**Q69 Paul Holmes:** I will send your answer to Derbyshire County Council.

**Beverley Hughes:** Okay.

**Chairman:** David has been very patient. He has been in the debate on climate change, but he is one of the most regular attendees of this Committee, and he will have a brisk opportunity now.

**Q70 Mr Chaytor:** I am sorry that I was not here at the start. May I go back to the issue of training, and ask Ed and James whether the Government are going to abolish the 16 hour rule?

**James Purnell:** We are, as we announced previously, looking at the 16 hour rule and how it can be implemented flexibly. For example, we are looking at young people of 16 and 17, but we want to consider the issue more widely as well. We would not want to abolish it completely because we want jobseeker's allowance to be a regime that gets people back into work. We do not want a system in which people can perpetually be in training and continue to get JSA. Indeed, the evidence shows that one reason why there has been a good focus on work in the past 10 years is that it is often better to get people into work and then get them trained. However, that is not the whole story, which is exactly why we are bringing together the work that we do with the work of John Denham's Department to create a system in which when you sign up for welfare you sign up for skills at the same time. As you know, the Departments have made a number of announcements about how we are integrating those two services. We are going to give people a skills health check to make sure that we identify skills weaknesses and then, if that is a barrier to work, provide them with training. We are also saying—I know that you want to move on—that there is far more flexibility in terms of training and how people can take it up within JSA than they often realise. We need to explain that well.

**Q71 Mr Chaytor:** A constituent came to my advice surgery last Friday. He is a parent who has just been made redundant and who is prepared to invest

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£4,000 of his savings into retraining into a higher-level skill, but because that would be slightly over 16 hours a week, the job centre will not enable him to do it on JSA. He therefore cannot claim his mortgage protection payment, which makes it financially not viable. May I write to you about that anomaly? I do not think that it was what the Government intended.

**James Purnell:** No, exactly. That is why we are reviewing it. If there are clear outcomes such as improved job entry and retention that justify flexibility in the 16 hour rule, then that will be attractive. If, on the other hand, it becomes a way of avoiding JSA conditionality, it will not.

**Q72 Mr Chaytor:** May I ask Ed about post-16 participation? Nearly all education indicators have improved significantly over the past 11 years, but the one that is pretty stubbornly static is participation post-16. Why do you think that is?

**Ed Balls:** Post-16 participation has increased but, as you say, modestly. By international comparisons, we are still a long way down the league table for post-16 participation, at 17 and at 18. That is what our new legislation, which I think is going to the Lords tomorrow following the passage of its Commons stages, is intended to address—the Bill would raise the education leaving age to 18. It is partly about the focused nature of provision post-16. As you know, the expansion of the apprenticeship programme—it has been expanding in the past 10 years, but we want to accelerate its expansion further—is important, as are Diplomas, in ensuring that there are powerful ways in which young people can combine learning and on-the-job training. There are too many young people who have left school at 16 and gone into full-time work without any training at all because that was more financially attractive in the short term. It is partly about what has been offered post-16, but I would say that it is also about aspiration. We have done, I think, a really good job in the past 10 years of raising the aspirations of young people who might have wondered whether, at 18, they would stay in the education system and go to university or go into work. As you know, there has been a very significant rise in higher education participation after 18, but there is more to do to raise levels of aspiration to stay in education after 16 among today's 10 to 14-year-olds. I always feel—this is why our Department has an important role to play—that we engage too late. We talk to 15 and 16-year-olds and their parents about why it would be good to stay in education, but to really affect aspiration we need to be talking to parents and young people in primary school and the early years of secondary education. Too often, we talk to young people and their parents who have already decided that they are going to do it, or are on the cusp. Too many young people and their parents have decided that education will not be for them at a much, much earlier stage. Much earlier intervention is what we need to do.

**Q73 Mr Chaytor:** Regardless of the level of aspiration or the opening up of opportunities post-16, something must go wrong between the ages of 11 and 14. It is not a sudden decision to leave school at 16, it is a gradual process throughout secondary school.

**Ed Balls:** We know that there is a very clear link—this takes us back to the subject of the Committee's work—between poverty and educational outcomes. The evidence shows that those links often strengthen through a child's life rather than diminish. Children from families on low income are less likely to make progress from Key Stage 2 to Key Stage 4 than the average. The disadvantage that means that they will already be doing less well at Key Stage 2 accelerates in their early secondary years. That is why the focus on promoting excellence for all and trying to address the quality of teaching and aspiration is so important. To give you one fact, we will set out tomorrow the details of our national challenge programme to get the number of schools with below 30% getting GCSEs including English and maths, down from 638 today to zero by 2011. Of those 638 schools, 540 have above average free school meal uptake in the intake to the school. Half of all the schools with more than 50% of kids on free school meals are in national challenge areas. Those statistics cut both ways because they tell you not only that there is a concentration of lower income or poverty in schools which do less well but that half of schools with more than 50% of kids on free school meals exceed that basic minimum. Many schools with a lot of poverty and deprivation achieve high results as well. That takes us back to the point I was making about aspiration. We need to address poverty, low income and the barriers to learning outside school, but that should never be an excuse for poor performance and expectations. I still feel that is too often the case.

**Q74 Mr Chaytor:** Will you be publishing the names and local authorities of all the 638 schools?

**Ed Balls:** All 638 schools are in the public domain; that information has all been published clearly. Tomorrow, we will publish the number and percentage of schools in every local authority area. Of the 150 local authority areas, 134 have at least one national challenge school.

**Q75 Mr Chaytor:** Earlier, you commented on the continuing widening of the divide between Key Stages 2 and 4 in terms of children from different social backgrounds. Is there any evidence in any area that that divide is beginning to narrow? Are there any positive signs that certain policies have reduced the gap?

**Ed Balls:** Yes. If you look at GCSE results in the last four or five years, the results of children on free school meals have risen faster at GCSE level than the average, so the targeted intervention for boys and girls from low-income families in terms of catch-up has been working. Those children have been doing better than average, but it still does not take away from the fact that a child from that kind of family is

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at the moment much less likely to get five good GCSEs at 16 than the average child from the average family.

**Q76 Mr Chaytor:** Would you accept that there is any truth or validity in the argument that although a highly standards-obsessed and assessment-driven system is good for children with supportive families, it might be part of the reason that children from less supportive families fall behind?

**Chairman:** Can we have a brief answer to that one?

**Ed Balls:** I obviously read your report in detail and I welcome your support for continuing to publish national test results. That was very positive. We obviously want to make the process as stress free as possible and, as I said, make sure that we tackle all the barriers to learning from outside the school. Earlier, we talked about it becoming harder as you make progress to address special educational needs and the barriers to learning outside the home. Tackling that is what our Department is about, and is the key to the next stage in terms of raising the level of test results. I come back to the simple point that it is much harder to have a culture of excuses about low performance linked to poverty or the area where the school is if you are publishing those results and holding governing bodies and local authorities to account for performance. I personally think that for too many decades we, as a society, assumed that people who live in a certain place and are from a certain kind of family just did not do well. We can now demonstrate clearly that although some schools are still underperforming, some schools with the same kind of catchment in the same kind of area have achieved dramatic improvements in results. They are posting results way above the average. It is the publication of that information that allows us to demonstrate that there is not necessarily a link between poverty and performance. It is the tracking of individual progress that gives teachers the power to make sure that every child can stay on track and to see early when a child is falling behind and give them extra support.

**Chairman:** I am sure we can carry on with that next month when you are here on your own.

**Q77 Fiona Mactaggart:** Is the gap between the achievement of children on the lowest incomes and the achievement of children on medium incomes growing or shrinking?

**Ed Balls:** The answer to that is that the gap has stabilised during the past 10 years, having grown for decades. There is tentative evidence that we are starting to close that gap. The fact that GCSE results have risen faster than average for free-school-meal pupils suggests that we are starting to close the gap, but to me it is still a more powerful reality than the closing of the gap, which is why we must continue to do more. The national challenge programme is powerful because it puts a large amount of money on the table to empower governing bodies and local authorities to address disadvantage and poor performance, but it also makes it clear to local

authorities, areas or governing bodies that come up with excuses that we will not tolerate them any longer.

**Q78 Fiona Mactaggart:** How will you stop them meeting the national targets by coaching children across boundaries, which too many of them do?

**Ed Balls:** As in?

**Fiona Mactaggart:** One of the points that we raised in our *Testing and Assessment* report is that there is a bit of a culture of coaching children who are close to a boundary across that boundary so that they can—

**Ed Balls:** I thought that you meant bussing them from one area to another.

**Fiona Mactaggart:** No. I am talking about teaching to the test.

**Ed Balls:** The way to do that and one of our big success stories is our progress not simply in terms of average results at Key Stage 2 and Key Stage 4, but the floor target.<sup>10</sup> One of the advantages of testing is that it allows you to track the progress of every child, not simply the average. We must demand that schools focus on the progress of every child and measure that progress rather than simply looking at the average. We do not think that schools would be delivering if they were simply coaching to the average and just around the borderline.

**Q79 Fiona Mactaggart:** I have one more gap issue, which is about the social and emotional aspects of learning. We now have information about that, which we did not have before, which is great, but it is another area where the gap seems to be pretty sustained and not necessarily moving. What does that tell you?

**Ed Balls:** I am not sure that I understand what you mean by the gap.

**Q80 Fiona Mactaggart:** In the *Opportunity for All* report, which I referred to earlier and you helpfully said that you would consider whether it would be possible to give that sort of comprehensive information for 2007, there are figures for the most deprived children, for children in other areas and for development attainment, including social and emotional aspects of learning. It seems from those figures, although they are provisional for 2006, that the gap is not narrowing and may be widening. It is difficult to work out.

**Ed Balls:** It is certainly the case that there are some real issues in terms of children and young people with mental health issues that need to be addressed, and we are reviewing that at the moment in the child and adolescent mental health services review. We have just moved, since last September, to encourage all secondary schools, with funding for the provision of social and emotional aspects of learning and teaching. It is similar to the issue of extended

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<sup>10</sup> *Note by witness:* In response to Question 78 about coaching children across boundaries, the Secretary of State for Children, Schools and Families highlighted the substantial successes on average results and floor targets. He also meant to highlight the introduction of the new progression targets.

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schooling. I do not think we know at the moment how many primary and secondary schools are providing such teaching, but we are embarking on measuring, area by area and school by school, not just standards, but children's well-being, and that will become part of the Ofsted assessment and accountability regime, so that we will be able to see, first, the schools that are playing their part in addressing those wider well-being issues, and secondly the areas in which other children's services are not doing enough to support schools or where we do not have the sort of school parental links that we would like. The shift into measuring and holding the system to account for progress in child well-being is exciting. We are at an early stage, but that is one of the consequences of the children's plan that we are taking forward.

**Q81 Chairman:** This has been a very good session, but I have one final question. We have been to Merton. We were investigating looked-after children and our most vulnerable children, and we went to a local authority whose prime aim is to keep children out of care. It is one of the most successful in the country, and has an amazingly interesting intervention system. As soon as a family seems to be breaking up and becoming dysfunctional, they move in in a very powerful way. It is a very interesting model. As soon as a child goes into care, on all the criteria of life chance, they dramatically drop. All the evidence that I was reading for this particular session suggests that as soon as you envisage a one-parent family for a child, you have to consider the likelihood of them being under-achieving and in poverty. I know that this is a challenging area, but do we do enough to support families to keep together?

**Ed Balls:** That is a very interesting question and, to be honest, we will probably answer that in our different ways. Beverley is leading a piece of work on the ways in which our new Department is considering supporting families. We know that the family, and parental support, have by far the biggest impact on a child's life chances and that the quality of relationship within families matters a great deal to children's outcomes. That is the relationship between the mother and father, single parent and partner, and grandparents as well. The adult relationship impacts on children. We have thought a lot about the way in which we use the work-life balance. For example, we have considered the right to parental time off for mothers and fathers, flexible working and the right to ask about such working. We have thought a lot about giving flexibility and support to parents. Getting those things right, and the impact that that can have on the relationship between the parents, can have an important knock-on impact on outcomes for children. We are

considering what more we can do to support parents and their relationships because of the benefits that can then accrue to children and their well-being.

**Q82 Chairman:** Is it almost politically incorrect to consider that issue?

**Ed Balls:** The opposite. We are considering it at the moment for precisely that reason.

**James Purnell:** That is right. Clearly, we have to focus on how we can keep families together. As Ed has just outlined, there is a huge amount of work under way on that issue. You will also always want a safety net to help all families whatever their circumstances. The point that you make is the very reason why we have had a focus on helping lone parents as well as other types of families. That is why we are proud of the fact that there has been a 12.5% increase in the proportion of lone parents in work. You have to have early intervention and support—what the state can do—to help families stay together, and then a safety net that helps everybody, in particular those in the greatest needs. That underlines my final point on the inter-relation between welfare reform and child poverty. You could take an approach in which you say that the way to get parents into work is to say that they are poor if they are on benefits—picking up on Paul's point, the way in which to deal with better-off-in-work issues is to say, "Children will be poor if their parents are not working." Indeed, that is what some countries do. We reject that. We say explicitly that we want to take all families out of poverty, and eradicate child poverty in that way. Once we have such a generous welfare system, the opposite mistake is to say that there is no conditionality in the system. We would have people who end up not being in work, when being in work would be the best thing for them. There is a direct relationship between a relatively generous welfare state and one that has significant conditionality. That is how to make sure that people get into work and have the advantages of work, which is why the lone parent changes will lift 70,000 children out of poverty. It is worth saying that, when people get into work, they progress and make further strides in respect of their income. As for the employment retention and advancement pilot to which I referred, when we consider the incomes of lone parents who have gone into work a year later or perhaps a bit more, their incomes make them something like a quarter or fifth better off. Being in work is good for people's incomes. It is good for child poverty. It is good for all the points that Stephen made about self-esteem, too. If we want to tackle child poverty, we have to put welfare reform alongside it to make a relatively generous welfare state possible.

**Chairman:** We have had a good innings. Thank you very much for your attention. I do not know what a clutch of Ministers is called, but it has been good on our side. Thank you for your patience. It has been a long sitting.

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**Supplementary memorandum submitted by the Child Poverty Unit, Department for Work and Pensions (DWP) and Department for Children, Schools and Families (DCSF)**

1. *Report on the location of the Child Poverty Unit team members* (Question 23—transcript reference)

All but three of the staff in the Child Poverty Unit (CPU) are based in the DCSF headquarters in Sanctuary Buildings, Great Smith Street. The DCSF is introducing “hot desking” arrangements to deliver greater efficiencies in the use of space and equipment. The CPU is based on the Ground Floor where these arrangements are already in place and the staff there all “hot desk” with telephony following the individual. Two staff are based in the Treasury and another member of the Unit is based in Sheffield.

2. *To write to ONS (and copy response to the Select Committee) about appropriate publication of progress reports against the Ending Child Poverty document.*

(Question 44—transcript reference)

Officials are in the process of drafting a letter from the Secretary of State to the Head of the Office of National Statistics about future arrangements for the publication of the Opportunity for All indicators. The Secretary of State will copy the response from ONS to the Committee.

3. *Level of benefit received by a customer on income support with the carers’ premium.*

(Question 56—transcript reference)

Income Support provides financial help for working-age people who are not required to be available for work, whose income is below a prescribed level, and who work less than 16 hours a week (24 hours for partners). The amount of Income Support a person is entitled to will depend on their personal circumstances. For example, a single person aged 25 years and over who is entitled to Income Support and the Carer’s Premium would receive £88.25 per week.

£88.25 is correct for a single person over 25 (made up of £60.50 personal allowance and £27.75 carer premium). The carer premium is a standard amount paid on top of the relevant personal allowance.

The Secretary of State asked the Minister for Disabled People to reply to Lynda Waltho’s letter regarding carers allowance. Lynda Waltho subsequently sent a letter thanking the Minister for her response.

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